

Please note: These transcripts are not individually reviewed and approved for accuracy.

BEFORE THE
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD POLICY,
RESEARCH, AND TECHNICAL ASSISTANCE
COMMITTEE

IN THE MATTER OF THE:)
)
POLICY, RESEARCH AND)
 TECHNICAL ASSISTANCE)
 COMMITTEE MEETING)

 —

DATE AND TIME: TUESDAY, NOVEMBER 5, 1996
 9:30 A.M.

PLACE: BOARD HEARING ROOM
 8800 CAL CENTER DRIVE SACRAMENTO,
 CALIFORNIA

REPORTER: BETH C. DRAIN, RPR, CSR
 CERTIFICATE NO. 7152

BRS FILE NO.: 36731

APPEARANCES

MR. PAUL RELIS, CHAIRMAN
MR. DANIEL G. PENNINGTON, MEMBER
MS. JANET GOTCH, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER MS.
KATHRYN TOBIAS, LEGAL COUNSEL
MS. DONNELL DUCLO, COMMITTEE SECRETARY
MS. DOROTHY RICE

MS. CAREN TRGOVCICH

Please note: These transcripts are not individually reviewed and approved for accuracy.

I N D E X

	PAG
	E_N
	O.

	-

CALL TO ORDER AND EX PARTES	5,
102	
ITEM 1: CONSIDERATION OF APPROVAL OF CONTRACT REPORTS PREPARED BY THE UNIVERSITY OF CALIFORNIA, DAVIS, ON DOMESTIC AND FOREIGN MARKETS FOR CALIFORNIA'S USED AND WASTE TIRES	
STAFF PRESENTATION	7
PUBLIC TESTIMONY	
COMMITTEE DISCUSSION	10
ACTION	22
ITEM 2: CONSIDERATION OF LEGISLATIVE OPTIONS TO ADDRESS WASTE TIRE MANAGEMENT ISSUES	
STAFF PRESENTATION	24
ITEM 3: CONSIDERATION OF POLICY OPTIONS CONCERNING REIMBURSEMENT OF PROPERTY OWNERS FOR TIRE PILE CLEANUP COSTS	
STAFF PRESENTATION	33
PUBLIC TESTIMONY	36
COMMITTEE DISCUSSION	34
ITEM 4: CONSIDERATION OF TIRE PROGRAM FUNDING ALLOCATIONS	
STAFF PRESENTATION	39
PUBLIC TESTIMONY:	
TOME0	45,
96	
BARBER	46
HARRINGTON	47
WARNER	54
LAX	56
BRYNE	60
MICHAEL	66

	PANDZA	69
	SCHWARTZ	74
	RAYNER	84
	TAKALLOU	91
	BENNETT	93
100	COMMITTEE DISCUSSION	
124	ACTION	
129	ADJOURNMENT	

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 SEVERAL BRIEF CONVERSATIONS THIS MORNING, ONE WITH
2 ROBERT SCHWARTZ OF ALL AMERICAN ASPHALT, REGARDING
3 L.A. COUNTY'S PROPOSAL, WHICH IS ITEM NO. 4 ON
4 TODAY'S AGENDA. ALSO, A BRIEF HELLO FROM JOHN
5 LORMON REGARDING MR. DILLINGHAM AND ITEM NO. 3 ON
6 TODAY'S AGENDA. A HELLO FROM JACK MICHAEL, L.A.
7 COUNTY'S PROPOSAL, ITEM NO. 4, FUNDING
8 ALLOCATIONS, AND THEN ALSO AN INTRODUCTION BY
9 JOLENE PANDZA OF AMERICAN TIRE DISPOSAL.

10 MEMBER PENNINGTON: NO, MR. CHAIRMAN,
11 MINE ARE ALL ENTERED IN THE LOG.

12 CHAIRMAN RELIS: I'LL NOTE FOR THE RECORD
13 THAT TWO COMMUNICATIONS WERE RECEIVED, ONE FROM
14 PROCOPIO, CORY, HARGREAVES & SAVITCH. AND LET'S
15 SEE, THIS CONCERNS THE INNOCENT LANDOWNER
16 REIMBURSEMENT POLICY. THAT'S DATED NOVEMBER 4TH.
17 AND ANOTHER COMMUNICATION ALSO DATED NOVEMBER 4TH
18 FROM THE CALIFORNIA CEMENT MANUFACTURERS
19 ENVIRONMENTAL COALITION CONCERNING ITEM NO. 1.

20 OKAY. NOW WE'LL PROCEED. AND, MR.
21 CHANDLER, DO YOU HAVE ANYTHING?

22 MR. CHANDLER: NO, MR. RELIS. I'LL JUST
23 TURN IT OVER.

24 CHAIRMAN RELIS: OKAY. I HAVE SOME
25 GENERAL REMARKS I'D LIKE TO MAKE AT THIS TIME.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FIRST, JUST REVIEWING -- BEFORE -- I'D LIKE TO GO
2 INTO A FEW OPENING REMARKS. FIRST, THE EMPHASIS
3 THAT WE'RE TAKING UP TODAY, MY COMMENTS WILL BE
4 FOCUSED ON ITEM 4. AND BEFORE WE GET TO THAT
5 ITEM, BEFORE WE REFER IT TO STAFF, I WOULD LIKE TO
6 MAKE SOME GENERAL COMMENTS. AND SO LET'S PROCEED
7 WITH ITEM 1, WHICH IS THE REPORT FROM UC DAVIS.

8 MS. TRGOVCICH: CORRECT, MR. CHAIRMAN.
9 GOOD MORNING, I'M CAREN TRGOVCICH, DEPUTY DIRECTOR
10 OF THE WASTE PREVENTION AND MARKET DEVELOPMENT
11 DIVISION.

12 THE ITEM BEFORE YOU THIS MORNING
13 WILL BE PRESENTED BY MARTHA GILDART. WHAT THE
14 ITEM IS IS THE PRESENTATION OF A REPORT THAT IS A
15 RESULT OF AN INTERAGENCY AGREEMENT WITH THE
16 UNIVERSITY OF CALIFORNIA DAVIS TO LOOK INTO AND
17 INVESTIGATE THE DOMESTIC AND FOREIGN MARKETS FOR
18 WASTE TIRES.

19 I'D JUST LIKE TO BRIEFLY REMIND THE
20 COMMITTEE THAT THAT ITEM WAS PRESENTED FOR THE
21 FIRST TIME TO YOU IN JUNE. THE REPORT WAS FIRST
22 PRESENTED PER THE SCOPE OF WORK AND CONTRACT THAT
23 WAS ENTERED INTO. AT THAT TIME THE COMMITTEE
24 RAISED A SIGNIFICANT ISSUE THAT MARTHA WILL BE
25 COVERING TODAY AROUND DISCUSSION OF EMISSION

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 RESULTS.

2 SUBSEQUENT TO THE PRESENTATION OF
3 THAT REPORT TO THE COMMITTEE, THE UNIVERSITY OF
4 CALIFORNIA DAVIS PROFESSOR SUBMITTED THE FINAL
5 REPORT IN AUGUST OF THIS YEAR. AND IN THAT FINAL
6 SUBMISSION, A NEW AREA OF INVESTIGATION WAS
7 INCLUDED IN THE REPORT, AND THAT WILL ALSO BE
8 CONTAINED IN MARTHA'S DISCUSSION FOR YOU THIS
9 MORNING AS WELL.

10 MS. GILDART: GOOD MORNING. MARTHA
11 GILDART WITH THE WASTE PREVENTION DIVISION.
12 CONTRACT IWMC3119 WAS ENTERED INTO IN JUNE OF
'94,

13 AND STAFF WORKED WITH THE CONTRACTOR
MONITORING

14 QUARTERLY REPORTS, MEETING WITH THEM REGULARLY
ON

15 THE PROGRESS OF THE REPORT. AS CAREN
INDICATED,

16 IT WAS PRESENTED TO THE COMMITTEE THIS JUNE,
17 TWO-YEAR CYCLE FOR THE CONTRACT.

18 AT THAT TIME ISSUES WERE BROUGHT
UP

19 DEALING WITH THE DESCRIPTION OF THE USE OF
TIRES

20 AS A FUEL SUPPLEMENT, PARTICULARLY IN CEMENT
21 KILNS. STAFF INDICATED TO THE CONTRACTOR
THERE
22 WERE CONCERNS WITH THE TONE OF THE REPORT AND
WITH
23 SOME OF THE DATA CONTAINED WITHIN.
24 THE CONTRACTOR WAS WILLING TO
WORK
25 PAST THE END OF THE CONTRACT TO MAKE SOME
MINOR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MODIFICATIONS, BUT STAFF WAS ALSO SOMEWHAT
2 SURPRISED TO FIND THAT THE AUGUST SUBMITTAL OF
3 WHAT WAS TO BE THE FINAL REPORT INCLUDED A NEW
4 SECTION, DISCUSSING THE MERIT OF HEALTH RISK
5 ASSESSMENT AS A POLICY-MAKING TOOL.

6 STAFF WAS VERY CONCERNED ABOUT THIS
7 ADDITION AS THESE PROCEDURES HAVE GONE THROUGH TWO
8 DECADES OF DEVELOPMENT AND EVALUATION AND
9 EVOLUTION AND HAVE BECOME STANDARD AND ACCEPTED
10 PRACTICE BY MANY STATE AND LOCAL AGENCIES, AND WE
11 FELT THAT THE SCOPE OF SUCH A DISCUSSION WAS NOT
12 INCLUDED IN THE SCOPE OF WORK AND THAT, INDEED, IT
13 WOULD NOT BE APPROPRIATE FOR ONE STATE AGENCY TO
14 PUBLISH SUCH A REPORT WHICH CALLED INTO QUESTION
15 PROCEDURES BY OTHER STATE AGENCIES.

16 WE SENT NOTICES, LETTERS TO THE
17 CONTRACTOR, WHO WAS UNABLE TO COME TO THE
18 COMMITTEE MEETING TODAY. THE STAFF RECOMMENDATION
19 CONTAINED IN THE ITEM THAT YOU HAVE BEFORE YOU IS
20 TO FORWARD THE RECOMMENDATION FOR ADOPTION OF THE
21 DRAFT FINAL REPORT TO THE BOARD WITH A PREFACE
22 WHICH WOULD INCLUDE A DISCLAIMER ON THE SECTION
23 DEALING WITH THE EMISSIONS. HOWEVER, STAFF

WOULD

24 FURTHER LIKE TO RECOMMEND THAT WE EXPLORE

REMOVAL

25 OF THE HEALTH RISK ASSESSMENT DISCUSSION UNTIL

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 SUCH TIME AS SOME AGREEMENT CAN BE REACHED OVER
2 THE COPYRIGHT OF THOSE MATERIALS.

3 AT THIS TIME I WOULD LIKE TO ASK
4 KATHRYN TOBIAS TO DESCRIBE THE COPYRIGHT ISSUE.

5 MS. TOBIAS: IT'S MY UNDERSTANDING THAT
6 THE COPYRIGHT ISSUE IS THAT IN THIS PARTICULAR
7 CONTRACT, UC HAS MAINTAINED THE COPYRIGHT. SO THE
8 BOARD DOES NOT HAVE THE RIGHT TO BASICALLY CHANGE
9 THE REPORT WITHOUT THE ACQUIESCENCE OR THE
10 APPROVAL, CONSENT, WHATEVER, OF THE CONTRACTOR
11 WHO'S PREPARED THE REPORT.

12 WE HAVE -- THE LEGAL OFFICE HAS
13 OFFERED TO MEET WITH THE CONTRACTOR AND DISCUSS
14 SOME OF THESE COPYRIGHT ISSUES TO TRY TO RESOLVE
15 THIS; BUT SINCE THIS ISSUE JUST CAME UP, THAT'S
16 PRETTY MUCH WHERE WE ARE.

17 CHAIRMAN RELIS: DO YOU GET THE APPROVAL
18 FROM THE AUTHOR OR FROM THE UNIVERSITY OF
19 CALIFORNIA REGENTS?

20 MS. TOBIAS: WELL, THAT'S A GOOD
21 QUESTION. I'M NOT SURE WHO ACTUALLY HOLDS THIS
22 PARTICULAR COPYRIGHT, WHETHER IT IS THE
INDIVIDUAL

23 OR UC. WE WOULD PROBABLY BE WORKING INITIALLY
24 WITH UC DUE TO SOME VAGARIES IN THE COPYRIGHT

LAW
25

AND IN THE CONTRACTING LAW AS WELL.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MEMBER GOTCH: WHAT'S THE TIME LINE FOR
2 THAT? IS THAT SOMETHING WE MIGHT HAVE MORE
3 INFORMATION BY THE TIME OF THE BOARD MEETING?

4 MS. TOBIAS: I DON'T THINK SO. MY
5 EXPERIENCE WORKING WITH THE UC SYSTEM IS MONTHS,
6 IF NOT MORE THAN DAYS. IT'S MERELY -- I THINK,
7 YOU KNOW, WHAT WE'RE SAYING, THAT WE COULD
8 PROBABLY, YOU KNOW, TRY GOING IN AND TRYING TO
9 WORK THIS THROUGH, BUT WE HAVEN'T BEEN ASKED TO
DO
10 THAT UP UNTIL TODAY. SO I DON'T THINK WE'D BE
11 ABLE TO DO IT BY THE BOARD MEETING.

12 MEMBER PENNINGTON: MR. CHAIRMAN, I'D
13 RECOMMEND THAT WE REJECT THIS REPORT. IT
APPEARS
14 THAT THE CONTRACTOR DID NOT FOLLOW THE SCOPE OF
15 WORK OF THE CONTRACT AND HAS TAKEN THE LIBERTY
TO
16 ADD HIS ONLY PERSONAL OPINIONS TO THIS REPORT.

17 FURTHER, IN THE FUTURE I'D ASK
THAT

18 STAFF NOT RELEASE ANY FINAL PAYMENTS ON
CONTRACTS

19 BEFORE REPORTS OR OTHER PRODUCTS HAVE BEEN
20 REVIEWED AND APPROVED BY THE BOARD, WHEN

REQUIRED.

21 IT IS INAPPROPRIATE FOR A CONTRACTOR TO RECEIVE
22 STATE FUNDS WHEN THEY HAVE NOT COMPLETED THE
JOB
23 ACCORDING TO THE CONTRACT SPECIFICATION AND TO
THE
24 SATISFACTION OF THE BOARD.
25 SO, THEREFORE, I'D MOVE THAT WE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 REJECT THE REPORT AND THAT WE DIRECT LEGAL
STAFF

2 TO DETERMINE IF WE HAVE ANY ADDITIONAL LEGAL
3 REMEDIES TO EITHER RECOVER OUR FUNDS OR TO
FURTHER

4 EXAMINE THE COPYRIGHT SITUATION.

5 CHAIRMAN RELIS: OKAY. IT'S BEEN
MOVED

6 THAT WE REJECT THE REPORT. LET'S HAVE SOME
7 DISCUSSION. ANY DISCUSSION?

8 MEMBER GOTCH: I'M NOT READY TO REJECT
9 THE REPORT AT THIS POINT. FROM WHAT I'VE READ
OF

10 IT, IT SEEMS TO SHOW THE BIG PICTURE. I WOULD
BE

11 WILLING TO GIVE MORE TIME TO FIND OUT WHAT
LEGAL

12 COMES UP WITH THOUGH.

13 CHAIRMAN RELIS: LET ME OFFER A
14 PERSPECTIVE ON THIS. HAVING READ THIS
CAREFULLY,

15 IT SEEMS TO ME THERE ARE A COUPLE OF ISSUES.
ONE

16 IS, YES, THERE'S VERY VALUABLE INFORMATION IN
THIS

17 REPORT. AND I THINK WE HAD VERY VALUABLE
18 INFORMATION FROM THE EARLIER PRESENTATION FROM
19 DAVIS ON THE OVERALL SUPPLY AND DEMAND AND
TRENDS
20 IN THE MARKETPLACE.
21 THIS DISCUSSION SPECIFICALLY ON
THE
22 ENVIRONMENTAL CONCERNS OF COMBUSTION AND
23 EMISSIONS, THAT WAS NOT IN THE PREVIOUS
MATERIAL
24 THAT I RECALL; IS THAT CORRECT? OR IF IT WAS,
IT
25 WASN'T DEVELOPED AT THIS LEVEL; IS THAT
CORRECT?

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MS. GILDART: IN THE JUNE REPORT THERE
2 WAS A DISCUSSION OF EMISSIONS, BUT NOT AS MUCH
3 DATA AS YOU SEE IN THE CURRENT VERSION. HE DID GO
4 BACK AND INCLUDE TESTS THAT SHOWED BOTH INCREASES
5 AND DECREASES IN A VARIETY OF EMISSIONS. BEFORE
6 HE FOCUSED ONLY ON INCREASES. WHAT WAS ALSO NEW
7 IN THE VERSION YOU SEE IS THE HEALTH RISK
8 ASSESSMENT DISCUSSION.

9 CHAIRMAN RELIS: THAT IS ALL NEW?

10 MS. GILDART: THAT IS ALL NEW.

11 CHAIRMAN RELIS: OKAY.

12 BOARD MEMBER FRAZEE: MR. CHAIRMAN, I
13 DON'T KNOW IF THIS IS APPROPRIATE OR NOT, BUT IT
14 MAY BE HELPFUL TO RELATE A CONVERSATION I HAD JUST
15 A FEW MOMENTS AGO WITH MR. DOUG SHUMWAY OF
16 MITSUBISHI CEMENT. AND SOME OF YOU MAY HAVE HAD
17 THE SAME PHONE CALL OR MAYBE NOT.

18 AND HIS OBJECTION TO THIS REPORT WAS
19 SPECIFICALLY IN THE SECTION ON PAGE I-10, DEALING
20 WITH EMISSIONS. AND JUST TO RELAY HIS
21 CONVERSATION AS ACCURATELY AS I CAN, HE SAID THAT
22 THE TESTS MISSTATE WHAT TOOK PLACE AND THAT
23 SEVERAL OF THESE TESTS WERE CONDUCTED AT THAT
24 THEIR FACILITY, AND THE REPORTS IN THE DOCUMENT
25 ARE QUITE THE REVERSE OF WHAT ACTUALLY OCCURRED.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AND HE WAS RAISING THAT OBJECTION.

2 CHAIRMAN RELIS: SO HE'S QUESTIONING THE
3 VERACITY OF THIS DISCUSSION BEGINNING --

4 BOARD MEMBER FRAZEE: PARTICULARLY THE
5 NEXT TO THE LAST PARAGRAPH ON PAGE I-10 WHERE IT
6 STATES -- AND I DON'T KNOW IF HE HAS SEEN THIS
7 DOCUMENT. THIS ONE RELATES BOTH INCREASES AND
8 DECREASES. WHETHER HE'S SEEN THIS DOCUMENT OR
9 HE'S REFERRING TO THE ORIGINAL DOCUMENT THAT
10 SHOWED ONLY INCREASES.

11 MS. TRGOVCICH: MR. CHAIRMAN, COULD I
12 ALSO POINT OUT THAT WE JUST RECEIVED FAX COPIES OF
13 COMMENT LETTERS FROM BOTH THE MOJAVE DESERT AIR
14 QUALITY MANAGEMENT DISTRICT AS WELL AS THE AIR
15 RESOURCES BOARD YESTERDAY AFTERNOON INDICATING
16 THAT THEY HAVE SIGNIFICANT CONCERNS WITH THESE
17 SECTIONS OF THE REPORT AS WELL.

18 CHAIRMAN RELIS: BOARD MEMBERS DO NOT
19 HAVE COPIES.

20 MS. TRGOVCICH: WE JUST RECEIVED THAT,
21 AND I BELIEVE MARTHA HAS IT TO HAND OUT TO YOU
22 AT
23 THIS TIME.

23 CHAIRMAN RELIS: SO LET ME PURSUE THIS
24 JUST A BIT FURTHER. NOW, IN THE CASE OF A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE STUDY, REVISE THE STUDY, OR NOT ACCEPT IT.
2 AND WHAT HAPPENS WHEN IT'S NOT ACCEPTED? IS IT
3 JUST LIKE A PUBLICATION THAT ONE CAN REFERENCE AND
4 USE, BUT IT'S NOT AN OFFICIAL DOCUMENT OF THE
5 BOARD?

6 MR. CHANDLER: THAT'S RIGHT. IT WOULD
7 NOT RECEIVE THE BOARD'S PUBLICATION NUMBER. IT
8 WOULD NOT CARRY THE BOARD'S TITLE, LOGO, WOULD NOT
9 HAVE THE BOARD'S ENDORSEMENT, IF YOU WILL, AS A
10 BOARD ACCEPTED DOCUMENT UNDER THE CONDITIONS OF
11 THE AGREEMENT. AND IN EFFECT, IT WOULD BE WHAT IT
12 IS, WHICH IS A STUDY DRAFTED AND WRITTEN BY A UC
13 PROFESSOR WITH SUPPOSED BACKGROUND AND EXPERTISE
14 ON THIS MATTER.

15 CHAIRMAN RELIS: AND IF WE WERE TO PRESS
16 THE ISSUE, FROM WHAT I CAN TELL FROM WHAT WAS SAID
17 EARLIER, WE WOULD NEED APPROVAL TO CHANGE ANYTHING
18 IN THE REPORT FROM THE UC REGENTS OR UC, MAYBE NOT
19 THE REGENTS.

20 MS. TOBIAS: RIGHT. AND THERE'S SEVERAL
21 DIFFERENT ISSUES HERE. ONE IS THE ACCEPTANCE OF
22 THE REPORT TO CLOSE THE CONTRACT. ONE IS THE
23 ISSUE OF WHETHER THE BOARD AND, THEREFORE, BOARD
24 STAFF CAN AMEND OR OMIT PORTIONS OF THE STUDY.
25 THAT'S A COPYRIGHT ISSUE.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 SO REALLY KIND OF HAVE TO SEPARATE
2 OUT THESE DIFFERENT ISSUES. YOU KNOW, IT SOUNDS
3 TO ME LIKE NOT WE'RE REALLY READY TO DO EITHER,
4 ACCEPT IT OR REJECT IT, UNTIL WE FIND OUT WHETHER
5 WE CAN DEAL WITH THE COPYRIGHT ISSUE, WHICH WOULD
6 ALLOW STAFF TO DO SOMETHING WITH IT; OR, AS RALPH
7 SAID, BASICALLY CLOSE THE CONTRACT, BUT NOT
ACCEPT
8 THE STUDY AS A BOARD STUDY SO THAT YOU DON'T GIVE
9 IT ANY ADDITIONAL VALIDITY. BUT REALLY THERE'S
10 TWO DIFFERENT ISSUES AT HAND THAT KIND OF
OVERLAP.

11 MEMBER PENNINGTON: WELL, I'M READY TO
12 REJECT IT. HE DIDN'T GIVE US WHAT WE ASKED FOR.
13 HE TOOK OUR MONEY AND DIDN'T GIVE US WHAT WE
ASKED
14 FOR.

15 CHAIRMAN RELIS: WELL, I CAN SUPPORT
16 THAT, BUT LET ME TELL YOU WHY I WOULD SUPPORT
17 THAT. IT'S MORE THE ISSUE -- WHETHER THESE
ISSUES
18 ARE -- THERE'RE SOME VERY MAJOR ASSERTIONS MADE
IN
19 THIS REPORT ABOUT WHETHER OR NOT -- PARTICULARLY
20 ABOUT THE HEALTH RISK OF INCINERATION AS AN

21 OPTION. I GUESS THAT'S WHAT I PUT AT BOTTOM
LINE.

22 MS. GILDART: ACTUALLY IT'S EVEN
BROADER.

23 HE QUESTIONS THE VALUE OF HEALTH RISK ASSESSMENT
24 AS A DECISION-MAKING TOOL, AS A POLICY TOOL BY
25 POINTING OUT THE ASSUMPTIONS THAT GO INTO A
HEALTH

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 RISK ASSESSMENT CALL UPON A WIDE RANGE OF DATA,
2 EMISSIONS DATA, AIR QUALITY MODELING DATA,
3 EPIDEMIOLOGICAL DATA, TOXICOLOGICAL DATA. THEY
4 LOOKED AT A MULTIPLICITY OF END POINTS, YOU KNOW,
5 CARCINOGENIC, TERATOGENIC, MUTAGENIC. THERE'S A
6 WHOLE SERIES OF ACTIVITIES, EACH OF WHICH HAVE
7 ASSUMPTIONS ASSOCIATED WITH IT.

8 WHAT HAS HAPPENED OVER THE LAST 20
9 YEARS IS THAT THE DISCIPLINE HAS COME TO A POINT
10 THEY AGREE TO DO THE SAME SORTS OF ASSUMPTIONS ALL
11 THE WAY THROUGH AND THEN YOU COMPARE THE RESULTS
12 OF ONE HEALTH RISK ASSESSMENT TO ANOTHER AND HAVE
13 AN IDEA OF THE RELATIVE MERITS. NO ONE SAYS THAT
14 THIS NUMBER IS ABSOLUTE AND REAL VALUE. IT IS A
15 COMPARATIVE TOOL. AND IF YOU CALL INTO QUESTION
16 THE VALUE OF THAT WHOLE PROCESS, WE HAVE NOTHING
17 LEFT TO COMPARE.

18 CHAIRMAN RELIS: THAT WOULD APPLY NOT
19 JUST TO THIS STUDY. I MEAN THAT'S THE GENERAL
20 FORMAT FOR ALL REGULATORY SCIENTIFIC BASED
21 EVALUATIONS, ISN'T IT? WOULDN'T BE RESTRICTED TO
22 THIS ONE?

23 MS. GILDART: THAT BROAD, YES. I THINK
24 ONE OF THE COMMENTS THE AIR RESOURCES BOARD MADE
25 ON THE DOCUMENT THAT THEY REVIEWED INDICATES, I

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THINK, THE LACK OF FAMILIARITY WITH THE SUBJECT ON
2 THE PART OF THE CONTRACTOR IS IN INTRODUCTION PAGE
3 I-10. HE TALKS ABOUT DISPERSION MODELS PREDICT
4 AMBIENT CONCENTRATIONS IN POPULATED AREAS NEAR THE
5 FACILITY, AND THE EXPOSURE AND RISK OF DEATH ARE
6 CALCULATED FROM GUIDELINES THAT CONTAIN RISK
7 FACTORS. HE MISUSED THE PHRASE "RISK OF DEATH."

8 THESE RISK ASSESSMENTS DO NOT
9 CALCULATE RISK OF DEATH. THEY CALCULATE RISK OF
10 CANCER, FOR INSTANCE. AND IT'S A WHOLE VARIETY OF
11 TYPES OF CANCERS THAT COULD BE INVOLVED WHICH MAY
12 NOT INVOLVE DEATH. I THINK HIS USE OF THAT WORD
13 INDICATES A FRAME OF MIND THAT DID NOT COINCIDE
14 WITH WHAT WE HAD HOPED FOR IN THE TONE OF THIS
15 REPORT.

16 CHAIRMAN RELIS: NOW, IF WE WERE TO,
17 QUOTE, WORK ON IT, UNQUOTE, WE'RE NOT REALLY A --
18 WE'RE NOT AN AIR QUALITY RISK ASSESSMENT BODY
19 HERE, ARE WE? I MEAN DO WE HAVE THE EXPERTISE IN
20 STAFF TO EVALUATE THOSE TYPES OF CLAIMS THAT ARE
21 ASSERTIONS MADE HERE? STRONG ASSERTIONS MADE IN
22 REFERENCE TO A NUMBER OF ENVIRONMENTAL
23 ORGANIZATIONS.

24 MS. TRGOVCICH: MR. CHAIRMAN, CAN I JUST
25 MAYBE INTERJECT HERE. WE -- THAT IS NOT AN

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ACTIVITY THAT WE WOULD UNDERTAKE HERE, AND I WOULD
2 JUST LIKE TO POINT OUT, AS I STATED IN MY LETTER
3 TO THE CONTRACTOR, REQUESTING HIM TO REMOVE THIS
4 PORTION OF THE REPORT BECAUSE IT WAS NOT CALLED
5 FOR IN THE SCOPE OF WORK, HAD WE ENVISIONED
6 UNDERTAKING THIS TYPE OF ACTIVITY, WE WOULD HAVE
7 PUT TOGETHER THE FRAMEWORK FOR REVIEW OF ANY
8 INFORMATION THAT WOULD COME OUT UNDER THIS
9 SECTION.

10 CHAIRMAN RELIS: THERE WOULD HAVE BEEN
11 SOME PEER REVIEW OR SOMETHING?

12 MS. TRGOVCICH: EXACTLY.

13 CHAIRMAN RELIS: ALL RIGHT. WELL, I SEE
14 THE PROBLEM MAYBE A LITTLE BIT DIFFERENT FROM MR.
15 PENNINGTON, BUT THAT THIS IS A WHOLE BIG SECTION
16 IN AN AREA THAT WE NEITHER CALLED FOR, NOR DO WE
17 HAVE THE EXPERTISE TO EVALUATE. THERE'S A LOT OF
18 USEFUL INFORMATION IN THE REPORT, BUT WE HAVE
19 ACCESS TO THAT INFORMATION REGARDLESS OF WHAT WE
20 DO. SO...

21 MEMBER PENNINGTON: IF THE CONTRACTOR
22 WANTS TO, AFTER WE REJECT IT, IF HE WANTS TO
23 REWRITE IT, PRESENT US WITH WHAT WE ASKED HIM FOR,
24 THEN THAT'S FINE. BUT HE'S GIVEN US STUFF AND
25 PUTTING US IN A POSITION THAT WE DIDN'T WANT TO BE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 PUT IN AND WE DIDN'T ASK TO BE PUT IN.

2 CHAIRMAN RELIS: AT LEAST NORMALLY -- AND
3 I'LL CALL ON YOU IN JUST A MOMENT -- MY READING OF
4 MOST STUDIES, IF THERE'S STRONG CLAIMS MADE, EVEN
5 IF THIS IS, SAY, BEYOND THE SCOPE OF WORK, THIS IS
6 NOT THE FOCUS, YOU WOULD HAVE -- YOU WOULD STATE,
7 WELL, THESE ASSERTIONS HAVE BEEN MADE, AND HERE
8 ARE THE FOLLOWING TESTS THAT HAVE BEEN DONE, AND
9 HERE'S THE BODY OF KNOWLEDGE EITHER SUPPORTING,
10 DIFFERING, OR PRESENTING A RANGE OF OPINIONS,
11 SCIENTIFIC VIEWS ON THE SUBJECT. THIS DOES APPEAR
12 FOCUSED ON ONE SIDE OF THAT EQUATION, AND THAT'S
13 MY PROBLEM WITH IT. IT'S JUST NOT BALANCED. I
14 MEAN ASSUMING THAT WERE PART OF THE SCOPE OF WORK,
15 I WOULD STILL HAVE A PROBLEM WITH THE
16 PRESENTATION.

17 MS. GOTCH.

18 MEMBER GOTCH: MY QUESTION IS WHAT
19 HAPPENS IF WE DO REJECT THIS REPORT? I DON'T KNOW
20 IF THAT WAS ANSWERED.

21 MR. CHANDLER: I ATTEMPTED TO ANSWER
22 THAT, WHICH IS IT DOES NOT BECOME A BOARD PRODUCT,
23 DOES NOT CARRY THE BOARD'S PUBLICATION NUMBER,
24 DOES NOT CARRY THE BOARD'S NAME AND LOGO, WOULD
25 NOT BE A DOCUMENT THAT THIS BOARD HAS ACCEPTED
AS

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 A FINAL PRODUCT. IT BECOMES, IF YOU WILL,
2 ABORTED. THIS PROJECT HAS BEEN PRESENTED TO US
3 FOR REVIEW AND WE'RE STOPPING IT HERE, THAT YOU,
4 IN FACT, REJECT THE REPORT AND IT WOULD NOT BECOME
5 A PRODUCT OF THIS AGENCY.

6 I WOULD NOT WISH, IN LIGHT OF THE
7 INFORMATION I'VE JUST HEARD ON THIS COPYRIGHT
8 ISSUE, TO SPEND MORE TIME SEEKING A COPYRIGHT
9 ALLOWANCE SO THAT WE CAN THEN TRY TO REPAIR A
10 REPORT THAT FALLS OUTSIDE THE SCOPE OF WORK. I'LL
11 DIRECT COUNSEL TO THE WILL OF THE COMMITTEE, BUT I
12 THINK THAT'S A PATH TO, IN EFFECT, PATCH UP A
13 DOCUMENT THAT WE FIND CLEARLY OUT OF BALANCE. AND
14 IF IT'S THE WILL OF THE COMMITTEE TO REJECT THE
15 REPORT, I'D JUST AS SOON MOVE ON TO THE OTHER
16 IMPORTANT WORK WE HAVE TO DO IN THE DIVISION.

17 MEMBER GOTCH: THANK YOU.

18 MR. CHANDLER: I WILL PURSUE THE
19 REIMBURSEMENT OF THE CONTRACT DOLLARS, THOUGH.

I

20 THINK THAT WAS A LEGITIMATE STATEMENT THAT WAS
21 ASKED OF COUNSEL. I DON'T WANT TO SPEND ANY
TIME

22 ON THE COPYRIGHT ISSUE. IF YOU'RE SO INCLINED
THE

23 OTHERWISE, I'LL DO SO.

24 CHAIRMAN RELIS: OKAY. ANY OTHER
25 COMMENTS? I THINK WE'RE --

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MEMBER PENNINGTON: WANT ME TO RESTATE
2 THE MOTION?

3 CHAIRMAN RELIS: MR. PENNINGTON, WHY
4 DON'T YOU RESTATE THE MOTION?

5 MEMBER PENNINGTON: I'LL MOVE THAT WE
6 REJECT THE REPORT AND THAT WE DIRECT THE LEGAL
7 OFFICE, THE LEGAL STAFF, TO SEEK WHATEVER REMEDIES
8 ARE NECESSARY TO RECAPTURE OUR FUNDS.

9 CHAIRMAN RELIS: WOULD THE MAKER OF THAT
10 MOTION, COULD WE BREAK THAT UP --

11 MEMBER PENNINGTON: SURE.

12 CHAIRMAN RELIS: -- BECAUSE I'M MORE
13 INTERESTED, FRANKLY, LESS CONCERNED ABOUT THE
14 RECAPTURE THAN JUST THE ISSUE OF WHETHER THIS --
15 WE COULD -- ABOUT THE STATUS OF THE REPORT ITSELF.

16 MEMBER PENNINGTON: SURE. I'LL MOVE WE
17 REJECT THE REPORT.

18 CHAIRMAN RELIS: I'LL SECOND. CALL THE
19 ROLL.

20 THE SECRETARY: MEMBER GOTCH.

21 MEMBER GOTCH: AYE.

22 THE SECRETARY: MEMBER PENNINGTON.

23 MEMBER PENNINGTON: AYE.

24 THE SECRETARY: CHAIRMAN RELIS.

25 CHAIRMAN RELIS: AYE.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 US. AND SO WE KNOW IF WE'VE GOT AN ISSUE OR NOT.

2 I DON'T FEEL READY TO ACT ON THAT PART. OKAY.

3 THANK YOU.

4 MOVING ON, LEGISLATIVE OPTIONS.

5 DO WE WANT THE LAST ITEM ON CONSENT?

6 MEMBER PENNINGTON: I GUESS MY QUESTION
7 IS DOES IT EVEN NEED TO GO TO THE FULL BOARD? IT
8 WAS A REPORT THAT WAS ASKED FOR BY THIS COMMITTEE.

9 CHAIRMAN RELIS: COMMITTEE. JUST TRYING
10 TO REFRESH MY MEMORY ON REPORTS AND THE PROCESS
11 HERE. IT CAN GO ON CONSENT.

12 MEMBER PENNINGTON: OKAY. FINE.

13 CHAIRMAN RELIS: LET'S PUT IT ON CONSENT.

14 MS. RICE: MR. CHAIRMAN, MEMBERS, THE
15 NEXT THREE ITEMS ARE INTERRELATED. THE FIRST
16 BEING LEGISLATIVE OPTIONS RELATED TO THE TIRE
17 PROGRAM, THE SECOND BEING POLICY ISSUES RELATED
18 TO
19 REIMBURSEMENT OF LANDOWNERS FOR CLEANUP COSTS,
20 AND

21 THE THIRD BEING THE ALLOCATION ITEM CARRIED OVER
22 FROM THE PRIOR MONTH. IN FACT, ALL THREE ITEMS
23 CARRIED OVER FROM THE PRIOR MONTH. STAFF WOULD
24 BE

25 SEEKING DIRECTION AT THIS POINT AS TO WHETHER YOU

23 HAVE ANY PREFERENCE ON THE ORDER OF THE
24 PRESENTATION OF THE ITEMS.
25 CHAIRMAN RELIS: NO. I THINK WE SHOULD

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 JUST -- WELL, LET'S SEE. I HADN'T THOUGHT ABOUT
2 PULLING THEM OUT OF ORDER. JUST TAKE THEM IN
3 ORDER.

4 MS. RICE: OKAY. THE FIRST ITEM, THEN,
5 IS CONSIDERATION OF THE LEGISLATIVE OPTIONS TO
6 ADDRESS WASTE TIRE MANAGEMENT ISSUES. THESE ARE
7 THE SAME OPTIONS WITH, I BELIEVE, A FEW ADDITIONS
8 PULLED FROM THE BOARD'S TIRE LEGISLATIVE PROPOSAL
9 FOR THIS YEAR. SO THE MAJORITY OF THESE OPTIONS
10 WERE PRINTED IN LAST MONTH'S ITEM AS PART OF THE
11 LARGER ITEM. AND YOU DIRECTED AT LAST MONTH'S
12 COMMITTEE MEETING THAT THEY BE PULLED OUT FOR
13 SEPARATE CONSIDERATION OF LEGISLATIVE OPTIONS.

14 IF YOU TURN TO PAGE 2 OF THE ITEM,
15 THE LISTING OF OPTIONS BEGINS. AND AGAIN, IF YOU
16 WISH, WE COULD GO THROUGH THEM NUMERICALLY AND
17 BRIEFLY DESCRIBE EACH ONE.

18 CHAIRMAN RELIS: WHY DON'T YOU.

19 MS. RICE: OKAY. THE VERY FIRST ONE,
20 THEN, HAS TO DO WITH THE CURRENT LAW PROVISION
21 WHICH CALLS FOR REPEAL OF THIS PROGRAM JANUARY 1
22 OF THE YEAR 2000. SO THE OPTION PRESENTED IN THE
23 ITEM IS TO CHANGE THIS REPEAL DATE IN STATUTE,
24 PRESUMABLY, TO EXTEND THE DATE OUT OR TO ELIMINATE
25 THE REPEAL. AND I SHOULD ADD PATTY ZWARTS IS HERE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FROM THE LEGISLATIVE OFFICE TO ASSIST US WITH THIS
2 ITEM.

3 DO YOU WANT ME TO RUN THROUGH THE
4 FULL LIST?

5 CHAIRMAN RELIS: YES.

6 MS. RICE: THE SECOND ITEM IS
7 CONSIDERATION OF WHETHER YOU WANT TO SEEK
8 LEGISLATION TO INCREASE THE PERCENTAGE AMOUNT,
9 WHAT WE CALL THE ADMINISTRATIVE CAP, FOR
10 ADMINISTRATION OF THE TIRE PROGRAM.

11 THE CURRENT STATUTORY CAPS ARE 5
12 PERCENT FOR ADMINISTRATIVE COSTS AND 3 PERCENT FOR
13 COLLECTION OF THE FEE COSTS, BOE COSTS. THE THIRD
14 IDEA PRESENTED IN THE STAFF REPORT IS TO INCREASE
15 THE AMOUNT OF THE TIRE FEE WHICH CURRENTLY --

16 CHAIRMAN RELIS: COULD WE GO RIGHT BACK
17 TO THE NO. 2. IN YOUR WRITEUP, YOU'RE SAYING THAT
18 THE LIMITATION OF 5 PERCENT AND THE 3 PERCENT FOR
19 FEE COLLECTION WAS ASSUMING A DOLLAR PER TIRE?

20 MS. RICE: RIGHT. MY UNDERSTANDING IS
21 THAT THE ADMINISTRATIVE CAPS WERE NOT REVISED AS
22 THE LEGISLATION WAS BEING WORKED ON MANY YEARS
23 AGO, WHATEVER YEAR THAT WAS. SO IN OTHER WORDS,
24 THE 5 PERCENT AND THE 3 PERCENT WERE ARRIVED AT IN
25 THE LEGISLATIVE PROCESS WHEN THE FEE WAS SET AT A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 DOLLAR PER TIRE.

2 CHAIRMAN RELIS: I WASN'T AWARE OF THAT.

3 MS. RICE: WHEN THE FEE WAS LOWERED, THE
4 ADMINISTRATIVE CAPS WERE NOT CORRESPONDINGLY
5 RAISED TO ADDRESS THE FACT THAT THERE IS
6 CORRESPONDING LESS MONEY COMING IN, BUT THE
7 ADMINISTRATIVE COSTS DIDN'T LESSEN BECAUSE NONE OF
8 THE ASPECTS OF THE PROGRAM WERE ELIMINATED, NOR
9 DID THE COST OF BOE COLLECTION OF THE FEE LOWER.

10 CHAIRMAN RELIS: SO THE VIEW IS THAT
11 WE'RE BEING HARMED ADMINISTRATIVELY. WE DON'T
12 HAVE THE BUDGET TO WORK INSIDE ON THIS.

13 MS. RICE: RIGHT. AND I BELIEVE IT HAS
14 BEEN ACKNOWLEDGED BY THE CONTROL AGENCY SINCE THE
15 INCEPTION OF THIS PROGRAM THAT WE HAVE BEEN UNABLE
16 TO LIVE WITHIN THESE ADMINISTRATIVE CAPS, SO THEY
17 DO NOT, IN FACT, REFLECT WHAT IS NEEDED TO RUN THE
18 PROGRAM ON EITHER END, EITHER BOARD COST OR BOE
19 COST.

20 CHAIRMAN RELIS: WHAT WOULD BE, JUST IF
21 YOU KNOW THIS, WHAT WOULD BE A MORE CHARACTERISTIC
22 OR APPROPRIATE LEVEL OF COST THAT STAFF ENVISIONS?

23 MS. RICE: WELL, IT WOULD BE
24 SIGNIFICANTLY MORE. AND IF THE BOARD HAS AN
25 INTEREST IN PURSUING THIS AS A LEGISLATIVE OPTION,

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WE WOULD DEVELOP THE ACTUAL LANGUAGE, BUT IT WOULD
2 BE SIGNIFICANT, PERHAPS DOUBLE.

3 CHAIRMAN RELIS: THAT SEEMS TO HAVE A
4 DIRECT BEARING ALSO ON OUR BUDGET AND OF GREAT
5 CONCERN TO THE BOARD.

6 MS. TRGOVCICH: IT WOULD BE IMPORTANT TO
7 NOTE THAT JUST THE BOE COSTS ALONE NOW EXCEED THE
8 ADMINISTRATIVE CAP THAT WAS PLACED ON THE PROGRAM.

9 CHAIRMAN RELIS: THANK YOU. GO ON,
10 PLEASE.

11 MS. RICE: MOVING ALONG, THEN, THE THIRD
12 OPTION LISTED WAS TO INCREASE THE AMOUNT OF THE
13 TIRE FEE. THIS HAS CERTAINLY BEEN SOMETHING
14 THAT'S BEEN DEBATED FOR YEARS, WHETHER THAT'S A
15 GOOD IDEA TO DO. IT'S SUGGESTED IN THE ITEM THAT
16 THE FEE PERHAPS BE RAISED TO A DOLLAR PER TIRE OR
17 IN PARENTHESES MENTION OR ANY AMOUNT CONSIDERED
18 APPROPRIATE BY THE BOARD.

19 THE FOURTH ITEM WAS TO SEEK
20 LEGISLATION TO AUTHORIZE THE BOARD TO ACCEPT
21 FINANCIAL ARRANGEMENTS OTHER THAN THE \$10,000 BOND
22 TO ACCOMPANY APPLICATIONS FOR WASTE TIRE HAULER
23 REGISTRATIONS. THE THOUGHT HERE IS THAT IT MAY BE
24 LIMITING TO HAVE JUST THAT ONE OPTION AVAILABLE
25 AND MAY IMPEDE THE ABILITY OF SOME HAULERS TO

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 BECOME REGISTERED.

2 THE FIFTH ITEM WOULD BE TO SEEK
3 LEGISLATION TO MODIFY THE STATUTORY CRITERIA
WHICH

4 CURRENTLY GOVERN OUR GRANTS PROGRAMS AND OUR
5 CONSIDERATION OF THEM. I THINK THIS WAS AN
ISSUE

6 RAISED IN THIS LAST GRANT CYCLE WHERE WE
FOUND

7 THAT THE ONE SET OF CRITERIA IN THE STATUTE
DO NOT

8 NECESSARILY PROVIDE THE FLEXIBILITY TO
CONSIDER

9 GRANTS WHICH RANGE FROM CLEANUP TO AMNESTY
DAYS TO

10 MARKET DEVELOPMENT OBJECTIVES. THE DIFFERENT
11 GRANT PROGRAMS HAVE SUCH DIFFERENT
OBJECTIVES, AND

12 THE ONE SET OF CRITERIA MAY NOT ENABLE YOU TO
13 JUDGE ALL THOSE DIFFERENT TYPES OF PROGRAMS
14 SUCCESSFULLY.

15 THE SIXTH ITEM LISTED IS
WHETHER YOU

16 WISH TO CONSIDER LEGISLATION TO CREATE AN
APPEALS

17 PROCESS FOR WASTE TIRE HAULERS. THERE'S
CURRENTLY

18 NOTHING SPECIFIC IN THE LAW, AND WE ARE
STARTING

19 TO ENTER INTO A TIME WHERE THERE MAY BE A
REVOKE,

20 SUSPEND TO ACTIONS RELATED TO TIRE HAULER
21 REGISTRATIONS.

22 THE SEVENTH ITEM IS TO MODIFY
THE

23 APPEALS PROCESS IN STATUTE TO SPECIFICALLY
ADDRESS

24 WASTE TIRE FACILITIES. THERE IS, AGAIN, NO
25 SPECIFIC PROVISION IN THE LAW FOR THAT. KIND
OF

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AN APPEALS PROCESS.

2 AND THE LAST ITEM LISTED IS THE
3 CONCEPT OF BANNING THE DISPOSAL OF TIRES IN
4 LANDFILL AS WAS RAISED BY WITNESSES AT THE
5 WORKSHOP AND HAS COME UP IN OTHER FORUMS.

6 SO A WIDE RANGE OF IDEAS PRESENTED.
7 FOR CLARIFICATION, A NUMBER OF THESE NOTIONS ARE
8 ALREADY ENCOMPASSED IN THE BOARD'S LEGISLATIVE
9 PROPOSAL FOR THE UPCOMING YEAR, WHICH IS KIND OF
10 PROCEEDING ON ITS OWN TRACK. THAT PROPOSAL WAS
11 DEVELOPED WITH THE UNDERSTANDING ON THE PART OF
12 CAL/EPA AND OTHERS THAT ADDITIONAL IDEAS WOULD BE
13 COMING OUT OF YOUR WORK AND WOULD POTENTIALLY BE
14 ADDED TO THAT PROPOSAL. SO THERE IS ALREADY A
15 VEHICLE MOVING THROUGH THE LEGISLATIVE
16 CONSIDERATION PROCESS THAT WOULD ENABLE YOU TO ADD
17 ADDITIONAL CONCEPTS TO IT.

18 CHAIRMAN RELIS: OKAY. COMMENTS. THIS
19 IS A CONSIDERATION ITEM, SO...

20 MS. RICE: WE WOULD BE SEEKING DIRECTION
21 ON WHETHER YOU WISHED TO INCORPORATE ANY OF THESE
22 IDEAS IN YOUR LEGISLATIVE PROPOSAL OR YOU WISH US
23 TO PERHAPS DEVELOP ADDITIONAL WORK ON THEM, SUCH
24 AS DRAFTING THEM, OR POTENTIALLY WISH US TO PURSUE
25 THIS IN ANOTHER MANNER.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MEMBER PENNINGTON: MR. CHAIRMAN, IT
2 WOULD SEEM TO ME THAT, NO. 1, THE EXTENSION OF THE
3 JANUARY 1, YEAR 2000 FINANCIAL PROVISIONS FOR THE
4 TIRE RECYCLING MANAGEMENT FUND SHOULD BE EXTENDED,
5 THAT THAT SEEMS MORE -- WE'RE ALREADY SPENDING
6 MORE THAN THE CAP. IT WOULD SEEM THAT WOULD BE IN
7 ORDER TO PURSUE THOSE.

8 NO. 4 APPEARS THAT -- I'D LIKE TO
9 KNOW MORE ABOUT THAT. MAYBE 6, 7, AND 8 WE NEED
10 TO EXPLORE A LITTLE FURTHER.

11 SO MY RECOMMENDATION -- I'M NOT
12 NECESSARILY MAKING A MOTION AT THIS POINT, BUT MY
13 RECOMMENDATION IS THAT WE DO PURSUE 1, 2, AND THEN
14 FLUSH OUT A LITTLE BIT MORE ABOUT 4, AT LEAST 6,
15 7, AND 8. I DON'T KNOW ABOUT 5. I'M NOT SURE
16 ABOUT THAT.

17 MS. RICE: FOR CLARIFICATION, AND I
18 PROBABLY SHOULD HAVE STATED THIS EARLIER, THE
19 ITEMS THAT ARE IN THE BOARD'S PROPOSAL ALREADY
20 UNDER CONSIDERATION ARE 1, 5, 6, AND 7.

21 MEMBER PENNINGTON: BOY, I WAS REALLY
22 RIGHT ON POINT, WASN'T I?

23 MS. RICE: PRETTY CLOSE. THEY MUST
HAVE

24 LOOKED FAMILIAR.

25 CHAIRMAN RELIS: MS. GOTCH.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MEMBER GOTCH: I'D LIKE TO SEE ALL OF
2 THESE ACTUALLY HAVE SOME WORK DONE ON THEM, AND
3 THEN HAVE THEM GO TO THE LEGISLATION, PUBLIC
4 EDUCATION COMMITTEE.

5 AND YOU HAD OMITTED NO. 3, WHICH IS
6 SOMETHING REFERRED TO IN OUR TIRE WORKSHOP AND
7 THROUGHOUT THE STATE, OTHER STATES, THAT WE NEED
8 MORE MONEY IN THE TIRE FUND. AND THIS IS A GOOD
9 WAY TO GO ABOUT THAT. SO...

10 MEMBER PENNINGTON: MAYBE WE SHOULD WAIT
11 UNTIL TOMORROW AND DECIDE WHETHER IT'S FEASIBLE OR
12 NOT.

13 MEMBER GOTCH: I'M READY TODAY.

14 CHAIRMAN RELIS: I DON'T MIND REFERRING
15 THAT. I FEEL ACTUALLY A BIT UNCOMFORTABLE DOING
16 THIS IN POLICY COMMITTEE. WE HAVE A NORMAL
17 PROCESS, SO I WOULD JUST, WITH THE COMMENTS MADE,
18 SUGGEST WE REFER IT TO LEG. COMMITTEE.

19 MS. RICE: DO YOU WANT AN ACTUAL
20 DISCUSSION IN THE LEGISLATION COMMITTEE, MS.
21 GOTCH? I DON'T ORDINARILY. THE PROPOSALS ARE
22 DEALT WITH MORE INFORMALLY RATHER THAN ACTUALLY
23 HAVING A COMMITTEE AND BOARD DISCUSSION ON THE
24 PROPOSALS.

25 MEMBER GOTCH: I GUESS I'M TRYING TO

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FIGURE OUT WHAT YOU ARE ASKING FOR.

2 MS. RICE: I'M ASKING WHETHER YOU WOULD
3 WISH TO PURSUE THE ORDINARY PROCESS THAT'S PURSUED
4 FOR DEVELOPING LEGISLATIVE PROPOSALS.

5 MEMBER GOTCH: ORDINARY PROCESS. THANKS.

6 CHAIRMAN RELIS: ALL RIGHT. WE ARE
7 REFERRING THIS ONE. THERE'S NO VOTE REQUIRED.

8 OKAY.

9 MS. RICE: VERY GOOD. THE ITEM NO. 3 IS
10 CONSIDERATION OF POLICY OPTIONS CONCERNING
11 REIMBURSEMENT OF PROPERTY OWNERS FOR TIRE PILE
12 CLEANUP COSTS. AGAIN, THIS IS A POLICY ISSUE THAT
13 YOU HEARD BRIEFLY AT LAST MONTH'S COMMITTEE
14 MEETING AND DIRECTED THAT STAFF BRING IT BACK TO
15 THIS MONTH'S MEETING. AND THIS IS CONSIDERATION
16 OF WHETHER THE COMMITTEE WANTS TO ESTABLISH A
17 POLICY AS TO WHETHER THE STATE SHOULD REIMBURSE
18 PROPERTY OWNERS WHO UNDERTAKE CLEANUP OF SITES
19 WHICH POSE A SIGNIFICANT THREAT WHO DID NOT CAUSE
20 OR CONTRIBUTE TO THE WASTE TIRE PILE. AND A
21 NUMBER OF OTHER QUALIFIERS ARE DESCRIBED AS
22 POTENTIAL AREAS FOR YOUR CONSIDERATION IN THE
23 ITEM. STAFF IS PRESENTING THIS WITHOUT
24 RECOMMENDATION.

25 MEMBER PENNINGTON: OKAY.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: MR. PENNINGTON, DID YOU
2 WANT TO SPEAK?

3 MEMBER PENNINGTON: YES, I WOULD. THE
4 PUBLIC RESOURCES CODE DOES NOT PROHIBIT, NOR DOES
5 IT SPECIFICALLY ALLOW REIMBURSEMENT TO A LANDOWNER
6 WHO HAS CLEARED UP WASTE TIRES ON HIS LAND WHERE
7 HE HAD NO RESPONSIBILITY FOR PLACING THE TIRES ON
8 THE LAND. I'D LIKE TO SEE LEGAL STAFF TO PREPARE
9 AN ANALYSIS ON WHETHER OR NOT THIS AUTHORITY IS
10 IMPLIED IN THE PRC OR THAT WE NEED LEGISLATION
11 CLARIFYING IT.

12 IF THE AUTHORITY IS IMPLIED, I WOULD
13 LIKE LEGAL STAFF TO PREPARE A POLICY FOR
14 CONSIDERATION BY THE COMMITTEE AT OUR JANUARY
15 MEETING ON REIMBURSEMENTS OF INNOCENT LANDOWNERS.
16 THE POLICY SHOULD CONSIDER A REASONABLE MAN
17 STANDARD. DID THE LANDOWNER KNOW OR SHOULD THE
18 LANDOWNER HAVE KNOWN THAT THE TIRES WERE BEING
19 DEPOSITED ON HIS LAND? HAS THE LANDOWNER TAKEN
20 ALL FEASIBLE ACTION TO RECOVER HIS CLEANUP COSTS
21 TO THE RESPONSIBLE PARTIES? IF THE BOARD HAS
22 TAKEN ACTION AGAINST THE REASONABLE PARTY, CAN THE
23 BOARD TRANSFER THE COLLECTION OF AND FINES OR
24 LIENS TO THE INNOCENT LANDOWNER? HOW SHOULD
25 REIMBURSEMENT BE CONSIDERED IN TERMS OF OUR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 PRIORITIZATION ON SITES?

2 FOR EXAMPLE, IF THE SITE IS TWELFTH
3 ON OUR LIST, SHOULD REIMBURSEMENT WAIT UNTIL
4 REACHING NO. 12? SHOULD A PERCENTAGE LIMIT BE PUT
5 ON OUR TOTAL FUNDS AVAILABLE TO BE USED FOR
6 REIMBURSEMENT, REVIEW LOCAL ORDINANCES TO SEE IF
7 THERE ARE SIMILAR PROVISIONS FOR INNOCENT
8 LANDOWNERS. ESTIMATE THE COST OF DETERMINING AN
9 INNOCENT LANDOWNER TO EXISTING BOARD RESOURCES.
10 I'D BE HAPPY TO MAKE THAT AVAILABLE TO STAFF SO
11 THEY COULD FOLLOW THIS.

12 CHAIRMAN RELIS: SO IF I COULD SURMISE,
13 YOU FEEL THIS NEEDS QUITE A BIT MORE WORK TO
14 CLARIFY WHERE THE CIRCUMSTANCES, IF WE WERE TO
15 ADOPT A POLICY, SPECIFICALLY UNDER WHICH
16 ALLOCATION IT COULD BE MADE.

17 MEMBER PENNINGTON: FIRST, I THINK WE
18 NEED TO DETERMINE WHETHER WE REALLY HAVE THE
19 AUTHORITY AND WHETHER IT'S IMPLIED AND WHAT IS IN
20 THE PRC, OR WHETHER OR NOT. I KNOW THAT MR.
21 DILLINGHAM'S ATTORNEY HAS MADE SOME VERY VALID
22 POINTS ABOUT WHAT IS IN THE LAW AND WHAT CAN BE
23 DONE. AND I KNOW OUR LEGAL OFFICE HAS LOOKED AT
24 IT SUBSTANTIALLY, BUT I'D LIKE TO CLARIFY THAT.
25 SECOND, IT MAY BE THAT THIS IS AN

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ISSUE THAT WE SHOULD SEEK LEGISLATIVE
2 CLARIFICATION ON, SO I'D LIKE FOR THE LEGAL STAFF
3 TO LOOK AT THAT. IF WE HAVE THE -- IF IT'S
4 DETERMINED THAT WE HAVE THE AUTHORITY TO ESTABLISH
5 SUCH A POLICY, THEN I WOULD LIKE THEM TO LOOK AT
6 THESE SEVERAL ITEMS AND PREPARE THE POLICY BASED
7 UPON THAT SORT OF A FRAMEWORK, IF THAT'S
8 ACCEPTABLE TO THE COMMITTEE. IF YOU NEED, I'LL
9 CERTAINLY MOVE THAT, OR WE CAN JUST ASK THAT IT'S
10 DONE.

11 CHAIRMAN RELIS: WELL, WE COULD -- DO WE
12 NEED A MOTION? WE COULD JUST DIRECT STAFF TO DO
13 FURTHER WORK ON THIS. WE'RE NOT PREPARED, AS I
14 READ IT, TO NECESSARILY MAKE A FORMAL MOTION. WE
15 WANT TO LOOK AT IT AS A, FIRST, LEGAL ANALYSIS
16 AND
17 THE OTHER POINTS THAT MR. PENNINGTON HAD MADE
18 BECAUSE IT MIGHT REQUIRE LEGISLATION.

19 MR. CHANDLER: I THINK YOUR DIRECTION
20 IS
21 CLEAR, AND WE GET COPIES OF MR. PENNINGTON'S
22 DIRECTION. WE CAN PURSUE THAT DIRECTION AND
23 COME
24 BACK TO YOU WITH A REPORT.

25 CHAIRMAN RELIS: ALL RIGHT. NOW, I

HAVE

23 A REQUEST FROM JOHN LORMON TO SPEAK TO THIS
ITEM.

24 MR. LORMON: MORNING, MR. CHAIR AND
25 MEMBERS OF THE BOARD. I WON'T TAKE BUT A
MINUTE.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 I JUST WANTED TO UNDERSTAND THE PROCEDURE, I
2 GUESS, IN PART AND THAT WOULD BE HELPFUL TO ME.

3 WOULD IT BE PERMISSIBLE FOR ME TO
4 CONTACT MS. TOBIAS AND TO GET INPUT TO HER ABOUT
5 THE COMMENTS THAT YOU MADE TODAY, MR. PENNINGTON?

6 MEMBER PENNINGTON: CERTAINLY.

7 MR. LORMON: I DO HAVE SOME. AND I GUESS
8 ON TIMING, I UNDERSTAND IT WILL COME BACK IN
9 JANUARY, SO I SHOULD GET BACK WITH HER AS SOON AS
10 POSSIBLE AND I WILL DO THAT. I DO THINK -- I DID
11 SUBMIT A LETTER THAT UNFORTUNATELY ARRIVED TODAY.
12 I THOUGHT THE HEARING WAS LATER IN THE MONTH.

13 CHAIRMAN RELIS: I'VE NOT RECEIVED THAT.

14 MR. LORMON: IT WAS MY MISTAKE. I
15 THOUGHT THIS COMMITTEE MET JUST PRIOR TO THE BOARD
16 MEETING, NOT SEVERAL WEEKS BEFORE BECAUSE THAT WAS
17 MY EXPERIENCE IN SEPTEMBER.

18 CHAIRMAN RELIS: I DID ACKNOWLEDGE, BUT I
19 HAVE NOT HAD TIME TO READ IT.

20 MR. LORMON: I CAN UNDERSTAND THAT. SO I
21 DO WANT TO JUST ENTER THAT IN THE RECORD IF YOU
22 COULD, ALTHOUGH THERE WAS ONE TYPO IN IT BECAUSE I
23 WAS KIND OF RUSHED. I MAY SUPPLEMENT IT, AND I'LL
24 GET WITH LEGAL COUNSEL TO DISCUSS THAT.

25 WE DO FEEL THERE'S IMPLIED AUTHORITY

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AND IT ISN'T NECESSARY FOR A LEGISLATIVE ROUTE,
2 THAT TIME INVOLVED IN THAT WOULD BE VERY
3 UNFAVORABLE, IN OUR PARTICULAR CASE AT LEAST AND I
4 THINK FOR THE BENEFITS OF THE POLICY. SO
5 HOPEFULLY LEGAL STAFF WILL COME BACK WITH THAT
6 SAME POSITION.

7 ONE LAST QUESTION. IF THE LEGAL
8 STAFF COMES BACK AND CONCLUDES THAT THE AUTHORITY
9 IS NOT IMPLIED, WHAT THEN WILL -- WILL THERE BE AN
10 OPPORTUNITY FOR US TO COME BACK IN FRONT OF THIS
11 COMMITTEE OR ARE --

12 CHAIRMAN RELIS: WE WOULD HAVE A REPORT
13 BACK, SINCE IT'S BEEN DIRECTED TO STAFF TO COME
14 BACK AND REPORT TO THIS COMMITTEE, AND AT THAT
15 TIME, IF IT'S -- ASSUMING IT'S A NOTICED ITEM,
16 WHICH -- OR IT WOULD BE THE DIRECTOR'S REPORT.
17 I'M NOT QUITE SURE WHAT FORMAT. COULD WE MAKE
18 SURE THAT MR. LORMON IS NOTIFIED THAT HIS ITEM
19 OF
20 INTEREST WILL AT LEAST BE DISCUSSED?

21 MR. CHANDLER: TO TAKE HIS
22 HYPOTHETICAL,

23 IF YOU WILL, IF THE RESULTS OF THE LEGAL
24 ANALYSIS

25 IS SUCH THAT THERE'S THE CONCLUSION ON OUR

STAFF'S

23 PART THAT THERE'S NO IMPLIED AUTHORITY, YOU CAN
24 REST ASSURED WE'LL MAKE THAT ANALYSIS WITH A
25 FOUNDATION TO COME TO THAT CONCLUSION AVAILABLE
TO

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 YOUR OFFICES. AND I WOULD ASSUME FROM THAT YOU
2 WILL WANT TO RESPOND AND THE BOARD CAN HAVE, IF
3 YOU WILL, REBUTTAL OR YOUR TAKE ON THAT ANALYSIS
4 AS THEY REVIEW OUR RECOMMENDATIONS. AGAIN, THAT'S
5 ASSUMING THAT WE CONCLUDE THERE'S NO IMPLIED
6 AUTHORITY.

7 MR. LORMON: WHICH I HOPE YOU DO, BUT IF
8 YOU DO, SO THERE'D BE AN OPPORTUNITY TO REPLY AND
9 THEN, HOPEFULLY, COME BACK TO THE COMMITTEE AND
10 MAKE OUR CASE.

11 CHAIRMAN RELIS: THANK YOU, MR. LORMON.
12 OKAY.

13 THAT BRINGS US TO ITEM 4, THE MAIN
14 EVENT FOR TODAY. AND BEFORE WE LAUNCH INTO THIS,
15 I'D LIKE TO MAKE A FEW REMARKS. JUST TO FRAME THE
16 SITUATION, WE HAD RECOMMENDATIONS PRESENTED BY
17 POLICY -- PRESENTED AT POLICY COMMITTEE LAST
18 MONTH, AND THOSE RECOMMENDATIONS ARE ON ONE TO
19 THREE OF THE AGENDA ITEM. THEY INCLUDE A
20 LONG-TERM POLICY STATEMENT AND OBJECTIVES
21 REGARDING THE WASTE TIRES, AND THAT'S WHERE WE
22 DISCUSSED AMONG THOSE OBJECTIVES TRYING TO
23 BALANCE
24 THE CLEANUP AND MARKET FUNCTIONS.

25 TO DIRECT US, WE DIRECTED A
26 SPLIT-OUT OF THE PROPERTY OWNER REIMBURSEMENT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ISSUE AND THE LEGISLATIVE OPTIONS, WHICH WE TOOK
2 UP UNDER ITEM 2 TODAY. AND WE HAD A SPECIFIC
3 RECOMMENDATION ON FUNDING SUMMARIZED ON TABLE 1
OF
4 PAGE 3 OF THE AGENDA ITEM.

5 \$864,000 WERE NOT ALLOCATED AT THAT
6 TIME, AND THE FULL BOARD REFERRED THIS BACK TO
7 TODAY'S MEETING FOR CONSIDERATION. SO WE'VE
SPENT

8 ABOUT A MONTH IN COMMITTEE, AND WE'VE SPENT TIME
9 AT THE BOARD AND WAS DECIDED MORE WORK WAS
NEEDED,

10 SO IT WAS SENT BACK TO THIS COMMITTEE.

11 SINCE THEN STAFF FROM THE BOARD
12 OFFICES HAVE DISCUSSED IDEAS ON FUNDING. MR.
13 CHANDLER AND OTHER STAFF HAVE MET WITH THE
14 CALIFORNIA POLLUTION CONTROL FINANCE AUTHORITY --
15 NEVER SURE I GET THAT RIGHT -- BUT TO BEGIN
16 DISCUSSIONS REGARDING THE LONG-TERM STATUS OF THE
17 MELP OPERATION THERE.

18 BEFORE WE CONSIDER FINAL
19 RECOMMENDATIONS ON FUNDING, I WOULD ASK THAT WE
20 HEAR BRIEFLY FROM MR. CHANDLER ON HIS MEETING
WITH

21 CPCFA AND THEN FROM STAFF ON ANY IDEAS, CONCERNS,

22 OR QUESTIONS ABOUT VARIOUS FUNDING PROPOSALS THAT
23 ARE BEFORE US.

24 MR. CHANDLER: THANK YOU, MR. CHAIRMAN.
25 AS YOU ASKED AT THE OCTOBER BOARD MEETING ON

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 OCTOBER 31ST, JUST LAST THURSDAY, I DID CONVENE A
2 MEETING IN MY OFFICES WITH MR. KEITH SEEGMILLER,
3 CPCFA, POLLUTION FINANCING AUTHORITY, JUST TO
4 EXPLORE THEIR PAST ROLE AND THEIR PERSPECTIVE, IF
5 YOU WILL, ON THE WHOLE FINANCIAL STRUCTURE OUT
6 THERE.

7 AS YOU KNOW, THE BOARD'S PAST FOCUS
8 HAS REALLY BEEN ON THE TIRE PILE ITSELF, AND THAT
9 WAS THE SUBJECT OF A PERMIT PASSED EARLIER THIS
10 APRIL WITH SPECIFIC TIME LINES ON HOW WE WOULD
SEE
11 THAT TIRE PILE AND REMEDIATE IT.

12 THAT TIME LINE CALLS FOR A FOUR-
YEAR
13 HORIZON TO COMPLETELY ELIMINATE THE PILE, YET
WE
14 RECOGNIZE THAT WITH THE WHOLE UTILITY
15 RESTRUCTURING THAT'S GOING ON IN THIS STATE,
THAT
16 JUST LESS THAN REALLY ONE YEAR FROM NOW, THAT
17 ENERGY FACILITY, THE MODESTO ENERGY FACILITY,
IS
18 FACING ITS WHAT IS REFERRED TO AS ITS CLIFF
DATE
19 FOR RENEGOTIATION OF ITS ENERGY AND SUPPLY

TERMS

20 AND PRICES.

21 I EXPLORED WITH MR. SEEGMILLER

THE

22 AUTHORITIES EXPERIENCED ON OTHER DISTRESSED

23 COGENERATION OR ENERGY FACILITIES, AND HE

POINTED

24 OUT A NUMBER OF INSTANCES WHERE THEY HAD

25 SUCCESSFULLY RENEGOTIATED THE INDEBTEDNESS

THAT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 OCCURS AT SOME OF THESE COGENERATION PLANTS IN
2 LIGHT OF THE RESTRUCTURING AND FELT THAT THE
3 POLICY QUESTION REALLY BEFORE THIS BOARD IS
4 WHETHER WE SAW THAT FACILITY OUT THERE, REFERRING
5 TO THE ENERGY PLANT NOW, AS SOMETHING THAT WE
6 WANTED TO SEE AS AN ONGOING MARKET FOR WASTE TIRES
7 IN THE CENTRAL VALLEY.

8 AND IT'S BEEN MY BELIEF THAT THIS
9 BOARD HAS RECOGNIZED THE ROLE THAT THAT FACILITY
10 HAS PLAYED INASMUCH AS, IF MY NUMBERS ARE RIGHT --
11 CAREN, CORRECT ME -- SEVEN TO EIGHT MILLION TIRES
12 ANNUALLY WOULD GO TO THAT FACILITY OR HAVE GONE TO
13 THAT FACILITY ON AN ANNUAL BASIS, WHICH IS ABOUT
14 EQUAL TO WHAT WE SEE RIGHT NOW GOING TO THE CEMENT
15 INDUSTRY ON A STATEWIDE BASIS.

16 I WOULD JUST SAY, IN GENERAL, I WAS
17 VERY ENCOURAGED BY THE MEETING FROM THE STANDPOINT
18 THAT I THINK WE HAVE SOME OPPORTUNITIES TO LOOK IN
19 A BROADER WAY THAN MAYBE WE'VE LOOKED IN THE PAST
20 AND LOOK AT THE SHORT-TERM AND PERHAPS LONGER-TERM
21 VIABILITY OF THAT FACILITY WITH US TRYING TO TAKE
22 A LEADERSHIP POSITION, ALONG WITH CPCFA, TO SEE IF
23 THERE'S SOME RESTRUCTURING THAT COULD OCCUR IN THE
24 OVERALL INDEBTEDNESS OF THE FACILITY THAT WOULD
25 MAKE IT A LONG-TERM, VIABLE ASSET TO CONTINUE TO

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 BE A HOME FOR WASTE TIRES IN THE CENTRAL VALLEY.

2 I THINK THAT'S GOING TO TAKE SOME
3 NEGOTIATIONS WITH THE BANKS, SOME NEGOTIATIONS
4 OBVIOUSLY WITH MELP, AND POTENTIALLY EVEN OXFORD,
5 THE FUEL SUPPLIER AT THIS TIME, AND CERTAINLY I
6 THINK THIS BOARD HAS A VESTED INTEREST TO STAY AT
7 THE TABLE AND HELP FACILITATE THOSE MEETINGS.

8 I WOULD ENCOURAGE ALL OF YOU, EITHER
9 INDIVIDUALLY OR COLLECTIVELY, TO HAVE
10 CONVERSATIONS WITH MR. SEEGMILLER. HE MADE
11 HIMSELF AVAILABLE TO DO THAT SO YOU CAN LEARN
12 THEIR EXPERIENCE ON SOME OF THESE OTHER
13 RESTRUCTURING SITUATIONS THEY'VE ENCOUNTERED.

14 MY RECOMMENDATION TO THIS COMMITTEE
15 IS THAT YOU CONTINUE TO RECOGNIZE THE CATEGORY
16 THAT WE IDENTIFIED AS PRIORITY SITES AND SET ASIDE
17 SOME LEVEL OF FUNDING THAT WOULD KEEP THIS AT THE
18 TABLE AND NEGOTIATIONS TO ADDRESS WHAT I CONSIDER
19 AS AN ASSET FOR THE STATE AND TO RECEIVING WASTE
20 TIRES IN THE CENTRAL VALLEY. THE FIGURE THAT
21 STAFF HAVE RECOMMENDED, AT LEAST FOR THE REMAINING
22 PART OF THIS YEAR, IS IN THE NEIGHBORHOOD OF ABOUT
23 \$500,000 FOR PRIORITY SITES.

24 SO I WOULD JUST WANT TO SAY AGAIN
25 THAT I FELT THE MEETING WAS A POSITIVE ONE, AND

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ONE WHICH WE'D LIKE TO CONTINUE TO NEGOTIATE WITH
2 THE PLAYERS INVOLVED AND LEAVE IT AS A POLICY
3 QUESTION FOR THIS COMMITTEE TO DETERMINE WHAT
4 APPROPRIATE LEVEL OF FINANCIAL SUPPORT MIGHT BE
5 AVAILABLE FOR THOSE TYPES OF PRIORITY SITES AROUND
6 THE STATE.

7 CHAIRMAN RELIS: THANK YOU. I WANT TO
8 THANK YOU, MR. CHANDLER, FOR GETTING RIGHT ON THIS
9 AND MEETING WITH CPCFA RIGHT AWAY BECAUSE IT'S A
10 PRIORITY CONCERN OF OURS, AND WE NEED TO KNOW WHAT
11 THEIR TAKE IS ON IT. MR. SEEGMILLER IS EXTREMELY
12 KNOWLEDGEABLE ON THESE MATTERS. WE'VE DEALT WITH
13 HIM AND CPCFA IN A NUMBER OF VENUES. SO THANK
14 YOU.

15 BEFORE WE TAKE UP THAT ISSUE
16 SPECIFICALLY, I'D ASK STAFF IF THERE WERE ANY
17 OTHER COMMENTS, CONCERNS, OR QUESTIONS ABOUT
18 VARIOUS FUNDING PROPOSALS. AND THEN THERE ARE A
19 NUMBER OF PEOPLE WHO HAVE ASKED TO APPEAR ON THIS
20 ITEM; AND IF YOU DON'T HAVE ANYTHING, THEN I'LL
21 MOVE TO ANY TESTIMONY.

22 MS. RICE: I DON'T BELIEVE WE HAVE ANY
23 SPECIFIC QUESTIONS. AS YOU GO THROUGH WHAT YOUR
24 RECOMMENDATIONS MAY BE, WE MAY CERTAINLY HAVE
25 QUESTIONS AT THAT TIME.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: SO YOU WILL RESERVE YOUR
2 OPTION. OKAY.

3 THEN LET'S GO TO THE PUBLIC
4 TESTIMONY. I'LL FIRST CALL ON ED TOMEO WITH
5 MODESTO ENERGY. AND AGAIN, OUR MODE WILL BE,
6 REMEMBER, WE'RE NARROWING OUR FRAMEWORK HERE
7 TODAY. WE'VE ALREADY HAD ONE HEARING ON THIS
8 MATTER. IF IT'S STRICTLY A REHASH OF WHAT WE'VE
9 HEARD ALREADY, THEN KEEP IT VERY BRIEF. IF IT'S
10 NEW MATERIAL, THEN YOU'VE GOT UP TO FIVE MINUTES.

11 MR. TOMEO: I DON'T BELIEVE I'LL NEED
12 FIVE MINUTES. I JUST DO WISH TO CONTINUE TO
13 EXPRESS OUR SUPPORT FOR WORKING WITH THE BOARD IN
14 CLEANING UP THE WESTLEY TIRE PILE, AND THAT THE
15 MEETING WITH MR. SEEGMILLER IS IMPORTANT TO US AS
16 WELL. AS WE HAVE RECOUNTED TO YOU BEFORE, OUR
17 JOB, UA ENERGY OPERATIONS CORP., THAT IS, IS
18 BASICALLY WORKING TO SECURE AS MUCH MONEY AS
19 POSSIBLE TO PAY A PORTION OF THE DEBT ON THIS
20 PROJECT. AND ALTHOUGH WE DO CONSIDER MORE OFTEN
21 THAN NOT THAT WE ARE WORKING FOR THE BANKS IN THIS
22 REGARD, THE BANKS ACTUALLY HAVE A LETTER OF CREDIT
23 THAT BACKSTOPS OR SUPPORTS CALIFORNIA FINANCING.
24 AND SO IT IS IMPORTANT TO THE STATE OF CALIFORNIA
25 TO KEEP THESE BONDS HEALTHY.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MR. SEEGMILLER IN CONVERSATIONS WITH
2 US HAS EXPRESSED THAT CONTINUED AMBITION. AND I
3 BELIEVE WE HAVE THE ABILITY, BOTH HERE WITH REGARD
4 TO PAYMENTS THAT COULD BE RECEIVED ON THE TIRE
5 SIDE, AS WELL AS THE OTHER OPTIONS THAT WE
6 CONTINUE TO EXPLORE, WHICH ARE PAYMENTS ON THE
7 ELECTRIC SIDE, TO COME UP WITH A SOLUTION THAT
8 KEEPS THE BONDS IN PLACE AND RETAINS THIS
9 IMPORTANT FACILITY FOR THE STATE OF CALIFORNIA.

10 CHAIRMAN RELIS: THANK YOU. SAM BARBER,
11 THE COGENERATION ASH COALITION.

12 MR. BARBER: GOOD MORNING. PLEASURE TO
13 BE ABLE TO SPEAK TO YOU AGAIN AND ADDRESS YOU. I
14 WILL ALSO TRY TO KEEP MY REMARK VERY BRIEF. AND
15 AS A COALITION, I REPRESENT A NUMBER OF COAL-FIRED
16 POWER GENERATING FACILITIES IN CALIFORNIA.

17 WE ARE HIGHLY INTERESTED IN PURSUING
18 USING TIRES AS A SUPPLEMENTAL FUEL, PROBABLY 20 TO
19 30 PERCENT. AT THIS RATE WE ESTIMATE WE COULD
20 BURN BETWEEN SIX AND SEVEN MILLION TIRES A YEAR.

21 AT THE PREVIOUS HEARING, WE DID HEAR SOMEONE

THAT

22 SUGGESTED THAT THE FUNDS FOR COGENERATION AND

THE

23 CEMENT INDUSTRIES BE COMMINGLED INTO ONE. WE

24 BELIEVE THAT'S NOT A WISE MOVE.
25 WE BELIEVE THAT BECAUSE OF THE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 DIFFERENT CONDITIONS IN OUR COMBUSTION
2 TEMPERATURES AND THE WHOLE PROCESS AND AGAINST
THE
3 CEMENT INDUSTRY, THAT WE SHOULD BE KEPT
SEPARATE.

4 THERE ARE A NUMBER OF DEFINITE DIFFERENCES IN
THE
5 TECHNOLOGIES AND THE METHODS THE TIRES WOULD BE
6 USED.

7 SO WE WOULD CERTAINLY ASK THE
BOARD
8 TO MAINTAIN THESE TWO AS SEPARATE ITEMS. AND WE
9 BELIEVE AT THE MOMENT THAT THE 200,000 WHICH WAS
10 IN THE INITIAL PROPOSAL IS AN APPROPRIATE AMOUNT
11 FOR INITIAL TESTING AND FOR US TO GET SOME IDEA
OF
12 WHAT WE CAN DO HERE. SO WE DO SUPPORT THE BOARD
13 IN THIS, AND WE'RE CERTAINLY WILLING AND LOOKING
14 FORWARD TO WORKING WITH YOU IN THE FUTURE TO
15 EXAMINE IF THIS IS A POSSIBILITY. THANK YOU.

16 CHAIRMAN RELIS: THANK YOU. ANY
17 QUESTIONS? MICHAEL HARRINGTON REPRESENTING BAS
18 RECYCLING.

19 MR. HARRINGTON: GOOD MORNING. I'D
LIKE

20 TO FIND OUT, WOULD IT BE POSSIBLE TO FIND OUT
WHAT
21 THE COMMITTEE'S RECOMMENDATIONS ON MARKET
22 DEVELOPMENT, IF ANY, ARE GOING TO BE, AND THEN
23 HAVE MY REMARKS AFTER THAT? IS THE BOARD
LOOKING
24 TOWARD A MARKET DEVELOPMENT COMPONENT?
25 CHAIRMAN RELIS: YES, WE ARE. I
BELIEVE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 IT'S STATED IN THE REPORT.

2 MS. RICE: WHAT IS STATED IN THE REPORT
3 IS THE COMMITTEE RECOMMENDATION FROM THE PRIOR
4 MEETING. ANY EVOLUTION FROM THAT POINT HAS NOT
5 YET BEEN PUBLICLY DISCUSSED.

6 CHAIRMAN RELIS: OKAY.

7 MR. CHANDLER: THAT CAN BE FOUND ON PAGE
8 51.

9 CHAIRMAN RELIS: DO YOU HAVE 51?

10 MR. HARRINGTON: I DON'T. WOULD IT BE
11 APPROPRIATE TO SPEAK TO IT NOW OR --

12 CHAIRMAN RELIS: WELL, WE'RE TRYING TO
13 DEAL WITH THE PUBLIC TESTIMONY. OTHERWISE THE
14 BOARD GOES INTO A DELIBERATION AFTER WE HEAR
15 TESTIMONY, AND THEN WE NORMALLY PROCEED TO VOTE ON
16 ITEMS. SO I WOULD RECOMMEND THAT IF YOU ARE GOING
17 TO SAY SOMETHING ON MARKET DEVELOPMENT, YOU DO IT
18 NOW; AND IF WE CAN QUICKLY GET A COPY OF THE
19 FUNDING RECOMMENDATIONS BEFORE --

20 MS. TRGOVCICH: WE CAN MAYBE JUST --

21 CHAIRMAN RELIS: DO YOU WANT -- MAYBE
22 WHAT I WOULD DO, OUT OF COURTESY TO YOU, IS CALL
23 ON WHOEVER ELSE WISHES TO SPEAK SO YOU HAVE A
24 MOMENT TO LOOK AT THAT. WOULD YOU WANT TO DO
25 THAT, MR. HARRINGTON? OR DO YOU WANT TO STAY

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WHERE YOU ARE?

2 MR. HARRINGTON: I WAS UNDER THE
3 IMPRESSION THAT WITH MARKET DEVELOPMENT THERE
4 MIGHT BE SOMETHING TO LOOK TO A STIMULATION TO A
5 PLAYGROUND RESILIENT SURFACING. AND THAT IS WHAT
6 I WANTED TO SPEAK TO. IF YOU -- IF IT WOULD BE
7 NOW OR LATER, I'LL DO IT EITHER TIME.

8 CHAIRMAN RELIS: WELL, IF YOU WANT TO BE
9 SPECIFIC AND YOU'RE CLEAR ABOUT WHAT YOU WANT TO
10 SAY, GO AHEAD AND SAY IT NOW.

11 MR. HARRINGTON: INCUMBENT ON THE BOARD
12 IS A REQUIREMENT TO FOLLOW NOT ONLY THE LETTER OF
13 THE TIRE RECYCLING ACT, AB 1843, THE FUNDING
14 SOURCE FOR THE TIRE FUND, BUT ALSO FOLLOW THE
15 INTENT OF THE LEGISLATION. ACCORDINGLY, WE
16 BELIEVE GRANT FUNDING SHOULD BE MADE AVAILABLE TO
17 THOSE LEGITIMATE REQUESTS THAT SPECIFICALLY EXPAND
18 TIRE RECYCLING BY INCREASING MARKETS AND/OR
19 RECYCLING CAPACITY TO THOSE APPLICANTS THAT
20 PROVIDE A DEMONSTRATED CAPABILITY TO ACHIEVE GRANT
21 GOALS.

22 WITH THAT PREFACE, WE REQUEST THE
23 COMMITTEE RECOMMEND A MULTI-YEAR 250 TO \$300,000
24 IN GRANT FUNDING BE MADE AVAILABLE AS 50-PERCENT
25 MATCHING FUNDS TO ELEMENTARY SCHOOLS THROUGHOUT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE STATE. THE MATCHING FUNDS WOULD BE USED FOR
2 THE SCHOOLS TO PURCHASE IMPACT ATTENUATION
3 SURFACING OR PLAYGROUND MATS THAT WOULD, A, MEET
4 THE CONSUMER PRODUCT SAFETY COMMISSION'S MINIMUM
5 STANDARDS AS SET FORTH IN ASTM STANDARD F1292-93
6 FOR IMPACT ATTENUATION TO THE MAXIMUM DROP HEIGHT
7 UNDER AND AROUND PLAYGROUND EQUIPMENT; B, MEET
THE
8 REQUIREMENTS OF THE AMERICANS WITH DISABILITIES
9 ACT FOR ACCESS TO PLAY EQUIPMENT FOR THE
MOBILITY
10 IMPAIRED; C, BE MANUFACTURED USING 100 PERCENT
11 CRUMB RUBBER FROM WHOLE TIRE RECYCLING,
12 ELIMINATING ANY OTHER SCRAP RUBBER SOURCES; AND,
13 D, REQUIRE THE WHOLE TIRE RECYCLED CRUMB RUBBER
BE
14 DERIVED FROM THE RECYCLING OF TIRES GENERATED IN
15 CALIFORNIA.
16 FUNDING THIS REQUEST WOULD PROVIDE
17 MANY TANGIBLE AND INTANGIBLE BENEFITS,
INCLUDING,
18 A, ASSIST SCHOOL DISTRICTS THROUGHOUT THE STATE
IN
19 MEETING RECOMMENDED MINIMUM SAFETY STANDARDS AS
20 SET FORTH BY A CONSUMER PRODUCT SAFETY

COMMISSION;

21 B, SHOWCASE A SUCCESSFUL GRANT AWARD; C, PROVIDE
22 PUBLIC AWARENESS OF THE BOARD'S FUNCTIONS AND
23 COMMITMENT TO WASTE REDUCTION THROUGH RECYCLING;
24 AND, D, PROVIDE MARKETPLACE AWARENESS TO A NEW
25 PRODUCT AND ASSIST IN MARKET DEVELOPMENT FOR
CRUMB

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 RUBBER FROM WHOLE TIRE RECYCLING.

2 THANK YOU. I HAVE SOME SAMPLES

3 IF --

4 CHAIRMAN RELIS: IS THIS YOURS?

5 MR. HARRINGTON: YES. IF YOU'D LIKE TO

6 SEE A QUICK SAMPLE OF THE MATS THAT WE'RE

7 CURRENTLY PRODUCING, EVEN THE COLORED PORTION IS

8 WHOLE TIRE RECYCLED RUBBER. WE'VE BEEN ABLE TO

9 COME UP WITH A RESIN TREATMENT THAT COLORS THEM.

10 AND THE ONE THAT YOU HAVE, MR. CHAIRMAN RELIS,

11 MEETS A DROP HEIGHT OF 6 FEET. THE LARGE TILE

12 OVER HERE, TWO FOOT BY TWO FOOT, MEETS THE

13 RECOMMENDED STANDARD FROM A NINE-FOOT DROP HEIGHT.

14 IF YOU HAVE ANY QUESTIONS, I'D BE

15 MORE THAN HAPPY TO TALK TO YOU ABOUT THEM.

16 CHAIRMAN RELIS: QUESTIONS? MS. GOTCH.

17 MEMBER GOTCH: MR. HARRINGTON, DO YOU

18 HAVE AN ESTIMATE OF HOW MANY TIRES MIGHT BE USED

19 FOR THIS PROJECT?

20 MR. HARRINGTON: YES. FOR EACH TWO-FOOT

21 BY TWO-FOOT TILE REQUIRES A RECYCLING OF THREE

22 TIRES TO DERIVE THE CRUMB RUBBER NECESSARY TO

23 MANUFACTURE THE TILE.

24 MEMBER GOTCH: OKAY. AND THERE ARE TENS

25 OF THOUSANDS OF PLAYGROUNDS IN THE STATE. DO YOU

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 HAVE AN ESTIMATE OF HOW MANY TIRES MIGHT BE USED?

2 I GUESS I'M ALSO, AS THE OTHER BOARD MEMBERS KNOW,
3 INTERESTED IN NOT JUST SCHOOL PLAYGROUNDS, BUT
4 LOCAL GOVERNMENT MATCHING GRANTS ALSO FOR
5 PLAYGROUNDS BECAUSE THERE ARE A NUMBER OF
6 PLAYGROUNDS THROUGHOUT THE STATE.

7 MR. HARRINGTON: THERE ARE A NUMBER OF
8 PLAYGROUNDS. THERE ARE A NUMBER OF PLAYGROUNDS
9 THAT ARE OUT OF COMPLIANCE WITH CURRENT
10 RECOMMENDED STANDARDS. AND I BELIEVE THERE'S
11 STATE LEGISLATION REQUIRING THAT ALL NEW
12 PLAYGROUNDS OR REMODELED PLAYGROUNDS MEET THE
13 MINIMUM CONSUMER PRODUCT SAFETY COMMISSION
14 STANDARDS, AND THAT ALL PLAYGROUNDS, EITHER
15 PUBLICLY OPERATED OR OPEN TO THE PUBLIC, MEET THE
16 NEW STANDARDS BY THE YEAR 2000, WHICH SOUNDED LIKE
17 A LONG TIME JUST A FEW YEARS BACK.

18 MEMBER GOTCH: RIGHT AROUND THE CORNER.
19 I'LL HAVE SOME MORE TO ADD TO THIS LATER ON.

20 CHAIRMAN RELIS: IS THERE ANY, JUST OUT
21 OF REFERENCE, IS THERE ANY COST COMPARISON TO --
22 WHAT ARE THE OPTIONS FOR BRINGING A PLAYGROUND
23 INTO COMPLIANCE?

24 MR. HARRINGTON: RIGHT NOW THERE IS IF --
25 TO BRING IT IN COMPLIANCE WITH CONSUMER PRODUCT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 SAFETY COMMISSION STANDARDS, SEVERAL MATERIALS
2 COULD BE USED, INCLUDING VARIOUS LOOSE FILLS LIKE
3 SAND, BARK, THAT TYPE OF THING. HOWEVER, THE
4 REQUIREMENTS OF A.D.A., AMERICANS WITH
5 DISABILITIES ACT, REQUIRES THAT MOBILITY IMPAIRED
6 INDIVIDUALS BE PROVIDED ACCESS.

7 SO YOU'RE -- YOU'RE REALLY LOOKING
8 AT A RESILIENT SURFACE MATERIAL THAT WILL MEET THE
9 IMPACT STANDARD AND YET ALLOW ACCESSIBILITY, AND
10 THAT'S WHAT WE'VE DEVELOPED. WE'RE NOT OBVIOUSLY
11 THE ONLY COMPANY IN THE PLAYGROUND MAT BUSINESS,
12 BUT WE'RE PROBABLY THE ONLY COMPANY THAT IS USING
13 A HUNDRED PERCENT CRUMB RUBBER FROM WHOLE TIRE
14 RECYCLING, INCLUDING THE COLOR PORTIONS.

15 CHAIRMAN RELIS: THANK YOU.

16 MR. HARRINGTON: THANK YOU.

17 MEMBER GOTCH: MR. CHAIR, I WANTED TO LET
18 THE OTHER COMMITTEE MEMBERS AND MR. FRAZEE ALSO
19 KNOW THAT I WILL BE CIRCULATING SOME MORE SPECIFIC
20 INFORMATION ON THIS ITEM CLOSER TO BOARD TIME.
21 BUT MY UNDERSTANDING IS THAT MILLIONS OF TIRES CAN
22 BE USED TO ACCOMPLISH THIS IN OUR STATE. THANKS.

23 CHAIRMAN RELIS: THANK YOU. OKAY.

24 WILLIAM LAX, JACKSON VALLEY ENERGY.

25 MR. LAX: GOOD MORNING, CHAIRMAN. GOOD

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MORNING, BOARD. COULD I DEFER MY COMMENTS TILL
2 AFTER THE BOARD OF CORRECTIONS SPEAKS? THEY'RE ON
3 YOUR LIST.

4 CHAIRMAN RELIS: YES, YOU CAN. SO THIS
5 IS ROBERT WARNER, MULE CREEK STATE PRISON.

6 MR. WARNER: GOOD MORNING. I'D LIKE TO
7 INTRODUCE MYSELF TO THE BOARD. I'M JUST HERE ON
8 KIND OF AN INFORMATIONAL BASIS AND WAS MADE AWARE
9 OF AN OPPORTUNITY THAT JACKSON ENERGY PARTNERS
10 HAS --

11 CHAIRMAN RELIS: COULD YOU SPEAK INTO THE
12 MIKE, SIR?

13 MR. LAX: SO IN ANY CASE, MY NAME IS
14 ROBERT WARNER. I'M FROM THE DEPARTMENT OF
15 CORRECTIONS AT MULE CREEK STATE PRISON. AND WE
16 OPERATE A RECYCLE AND SALVAGE PROGRAM AT MULE
17 CREEK THAT HAS IN LARGE PART BEEN WORKING UNDER
18 WASTE MINIMIZATION RULES THAT THE BOARD'S
19 ESTABLISHED AND HAS SUCCESSFULLY DIVERTED AND IS
20 WORKING IN AMADOR COUNTY TO DIVERT AND PRACTICE
21 WASTE MINIMIZATION WHEREVER POSSIBLE IN ORDER TO
22 EXTEND STATE RESOURCES.

23 SO WE BECAME AWARE OF OPERATIONS
24 THAT ARE ONGOING AT JACKSON VALLEY ENERGY
PARTNERS

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WASTE-TO-ENERGY COGENERATION PLANT THAT'S LOCATED
2 OUT IN AMADOR COUNTY, THAT WE WANTED THE BOARD TO
3 BE AWARE THAT A SISTER AGENCY IN DEPARTMENT OF
4 CORRECTIONS IS AVAILABLE TO PARTICIPATE IN THE
5 POSSIBILITY OF TIRE RECYCLING AND OTHER WASTE
6 RECYCLING THAT MAY BECOME ELIGIBLE FOR A GRANT
7 RECOMMENDATION THAT THE BOARD MAY WANT TO
8 INVESTIGATE.

9 SO WE'RE JUST HERE TODAY TO ABSORB,
10 TO OBSERVE THE WASTE MANAGEMENT BOARD'S ACTIONS
11 RELATED TO THE DOMESTIC AND FOREIGN MARKETS FOR
12 TIRE RECYCLING. WE'D LIKE TO VOLUNTEER OUR
13 AVAILABLE RESOURCES AT DEPARTMENT OF CORRECTIONS
14 TO ASSIST THE BOARD IN ANY MISSION THAT IT MAY
15 HAVE FOR TIRE RECYCLING.

16 WE BELIEVE THAT MULE CREEK DOES HAVE
17 THE OPPORTUNITY TO BE A TIRE RECYCLER AND TO
18 POSSIBLY MITIGATE COSTS THAT WOULD OTHERWISE BE
19 UNDERTAKEN BY THE BOARD IN OTHER ACTIONS THAT
20 THEY'RE PROPOSING TO ENGAGE IN. SO MULE CREEK IS
21 AVAILABLE AS A POSSIBLE RESOURCE FOR TIRE
22 RECYCLING AND WOULD LIKE TO CONSIDER THAT THE
23 BOARD SUBSEQUENTLY MAY SEE A GRANT PROPOSAL FROM
24 MULE CREEK TO PLACE A TIRE SHREDDER OR SOME
25 SIMILAR OPERATION INTO PRACTICE UP IN AMADOR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 COUNTY.

2 SO THAT'S SOMETHING THAT WE'D LIKE
3 TO INTRODUCE THE BOARD TO AS AN AVAILABLE GRANT
4 ALTERNATIVE AND SEE THAT SUBSEQUENT ACTION MAY
5 COME TO YOUR ATTENTION ON THIS.

6 CHAIRMAN RELIS: THANK YOU VERY MUCH.
7 WILLIAM LAX THEN.

8 MR. LAX: ONCE AGAIN, GOOD MORNING. MY
9 NAME IS WILLIAM LAX, JACKSON VALLEY ENERGY.
10 ACTUALLY MY STEPPING TO THE PODIUM HERE IS
11 TWOFOLD. ONE IS WHAT ROBERT JUST SPOKE ABOUT IS
12 THE IONE FACILITY, THE JACKSON VALLEY ENERGY
13 FACILITY, THAT IS CURRENTLY DOWN AND FACED WITH
14 THE VERY PROBLEM THAT MODESTO ENERGY IS FACED
15 WITH, THE CLIFF YEAR. WE ARE OUT OF OUR CLIFF
16 YEAR. WE ARE GOING TO TRY TO START BACK UP ON
17 S-RACK (PHONETIC) OR AVOIDED COST PLUS CAPACITY,
18 WHICH MAKES THAT VERY DIFFICULT WITH CURRENT FUEL
19 PRICING.

20 WE SEE THE CORRECTIONS FACILITY AS A
21 WAY TO GET PART OF OUR FUEL, WHICH IS TIRE-DERIVED
22 FUEL, THAT WE TARGETED, ALONG WITH OTHER AG WASTE
23 MATERIALS, WOOD MATERIALS, SO ON AND SO FORTH, TO
24 FIRE OUR PLANT AT IONE. WHAT'S SO APPEALING FOR
25 THE CORRECTIONS FACILITY IS IT'S VERY CLOSE TO US,

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AND A LOT OF THE COST WITH THE TIRE HANDLING IS IN
2 TRANSPORTATION WHERE WE'RE ONLY A FEW MILES AWAY
3 FROM THAT FACILITY. WE HAVE TO BURN CHIPPED
4 TIRES. THE ECONOMICS SEEMS BE COMING IN PLACE,
5 TALKING TO WASTE HAULERS WITHIN THE SACRAMENTO
6 AREA, SPECIFICALLY TTR AND SO ON AND SO FORTH, TO
7 ALLOW FOR THAT FUEL TO COME TO US AT ECONOMIC
8 VIABILITY.

9 THE SECOND POINT I'D LIKE TO MAKE
10 HERE IS JACKSON VALLEY ENERGY ALSO CAN BURN WASTE
11 TIRES FROM THE LEGACY PILES THAT ARE STREWN
12 THROUGHOUT THE STATE. THE LAST MEETING HELD HERE
13 BY THIS COMMITTEE, I BELIEVE IT WAS RESOLVED TO
14 CLEAN UP THE LEGACY PILES BY FINDING LONG-TERM
END
15 USERS AND LONG-TERM SOLUTIONS TO THE LEGACY
PILES

16 AND THE ANNUAL FLOW THAT'S CREATED. ONE I
BELIEVE

17 IS 30 MILLION FOR THE LEGACY, 10 MILLION FOR THE
18 ANNUAL WASTE STREAM.

19 AGAIN, I'D JUST LIKE TO INTRODUCE
20 JACKSON VALLEY ENERGY. I'VE BEEN TO SEVERAL
21 MEETINGS, HAVE NOT SPOKEN TO THIS COMMITTEE. I
22 UNDERSTAND PROBABLY BECAUSE OF THE TIMELINESS OF

23 THIS INTRODUCTION, WE'D BE UNABLE TO HOPE FOR
ANY
24 MONIES FOR 1997 FOR THE CORRECTION FACILITY OR
FOR
25 JACKSON VALLEY, ALTHOUGH WE'RE NOT SEEKING ANY

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FUNDS FOR JACKSON VALLEY ALONE, BUT WE WOULD
2 CERTAINLY BE IN A PROPOSAL THROUGH 1997-98 AND
3 REQUEST FOR FUNDS MUCH LIKE MAYBE MODESTO ENERGY
4 IS DOING, BUT IN A WHOLE DIFFERENT SCOPE. THANK
5 YOU FOR YOUR TIME.

6 MEMBER PENNINGTON: MR. CHAIRMAN, I'D
7 LIKE TO ASK, MR. LAX, YOUR BURNER, YOU HAVE TO USE
8 SHREDDERED OR CHIPPED TIRES?

9 MR. LAX: IT HAS TO BE CHIPPED TIRES.

10 MEMBER PENNINGTON: DO YOU OWN THE
11 SHREDDER?

12 MR. LAX: NO, WE DON'T. THAT'S WHY MULE
13 CREEK AND WE ARE IN DISCUSSIONS RIGHT NOW FOR THAT
14 VERY REASON.

15 MEMBER PENNINGTON: DOES MULE CREEK HAVE
16 A SHREDDER?

17 MR. LAX: NO, THEY DO NOT.

18 COULD I ELABORATE ON JUST ONE POINT
19 ON THAT QUESTION? BECAUSE IT HAS TO BE CHIPPED,
20 WE DID DO OUR HOMEWORK AND IN 1994, BECAUSE WE SAW
21 A WASTE PROBLEM AND BECAUSE OF THE CLIFF YEAR, WE
22 HAD TO GO OUT OF STATE TO FIND A CHIPPED TIRE THAT
23 WE COULD TEST AT OUR FACILITY. WE WENT TO OREGON
24 TO A COMPANY CALLED WASTE RECOVERY, AND WE BROUGHT
25 DOWN A HUNDRED TONS AT CONSIDERABLE EXPENSE AND

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 RAN IT THROUGH OUR FACILITY. SO WE DO HAVE SOME
2 EXPERIENCE WITH BURNING TIRES.

3 IT IS A CIRCULATING FLUIDIZED BED
4 WITH VERY GOOD TECHNICAL AND EMISSION
5 CAPABILITIES. WE HAVE NO PROBLEMS. WE HOPE TO BE
6 PERMITTED FOR TIRES BY NOVEMBER 19TH OF THIS
7 MONTH. SO WE DIDN'T JUST FALL OFF THE WAGON HERE.
8 WE'VE BEEN AROUND FOR QUITE SOME TIME.

9 MEMBER PENNINGTON: YOU SAID THAT YOU
10 COULD HANDLE THE LEGACY TIRE PILES. DOES THE DIRT
11 BOTHER YOU IN CHIPPING?

12 MR. LAX: NO. THE JACKSON VALLEY ENERGY
13 FACILITY IS FORMERLY A LIGNITE BURNING FACILITY,
14 WHICH IS MINED LIGNITE, AND THE ASH CONTENT OF
15 LIGNITE IS RIGHT AROUND 35 TO 40 PERCENT. SO I
16 WOULD IMAGINE THE TIRES WOULD BE CONSIDERABLY LESS
17 THAN THAT. WE SEE THE ASH WOULD THEN -- BECAUSE
18 IT WILL BE CO-FIRED, OUR PLANS ARE TO CO-FIRE
19 TIRES ALONG WITH OTHER MATERIALS WITH LIGNITE.

20 AND ONE OF THE THINGS THAT JACKSON
21 VALLEY OFFERS IS THE ASH, AND THE FACT THAT THE
22 ASH IS A QUELAND-TYPE ASH PRETTY MUCH WOULD
23 OVERPOWER A LOT OF THE METALS THAT MOST EVERYBODY
24 IS WORRIED ABOUT IN THEIR ASH, THE NICKEL, THE
25 ZINC, AND SO ON AND SO FORTH. WE DON'T SEE OUR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ASH BEING A DISPOSAL PROBLEM. RIGHT NOW OUR ASH
2 USED FROM THE LIGNITE-FIRED PLANT IS USED AS A
3 SOIL REMEDIATION AGENT OVER IN THE
4 PITTSBURG/ANTIOCH AREA FOR THE REFINERIES. SO TO
5 ANSWER YOUR QUESTION, THE ASH WOULD NOT BE A
6 PROBLEM.

7 MEMBER PENNINGTON: THANK YOU.

8 CHAIRMAN RELIS: MICHAEL BYRNE.

9 MR. BYRNE: THANK YOU, MR. CHAIRMAN,
10 MEMBERS OF THE COMMITTEE. I'M VERY ENCOURAGED
11 ABOUT MR. CHANDLER'S STATEMENT THAT HE MET WITH
12 MR. KEITH SEEGMILLER. HE'S A VERY GOOD MAN.
I'VE

13 MET WITH HIM IN THE PAST.

14 I THINK THERE'S THREE ISSUES THAT
15 HAVE TO BE DEALT WITH. THE ONE THAT MR.
CHANDLER

16 SPOKE OF WITH MR. SEEGMILLER IS BASICALLY THE
17 CONTINUATION OF MELP AS A SOURCE FOR ELIMINATION
18 OF THESE TIRES. I VIEW THAT AS A MARKET
19 DEVELOPMENT ISSUE WHERE WE'LL LOSE A MARKET AND
20 WE'RE TRYING TO KEEP A MARKET GOING.

21 BUT THERE'S STILL TWO OTHER ISSUES
22 TO DEAL WITH AT THE WESTLEY FACILITY. THERE'S
THE

23 PILE ITSELF AND WHAT DO WE DO WITH THE SIX
MILLION

24 TIRES THAT ARE CURRENTLY GOING THERE.

25 I SUBMITTED A PROPOSAL TO THE
BOARD

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 IN JULY, STATING THAT AROUND \$1.2 MILLION -- YOU
2 KNOW, WE DIVERT TIRES ELSEWHERE, AND THAT WOULD
3 JUST ABOUT ELIMINATE THE PILE THERE. THAT WAS IN
4 JULY. IT'S NOW NOVEMBER. THE 1.2 MILLION NUMBER
5 IS NO LONGER NECESSARY BECAUSE WE'VE LOST THREE OR
6 FOUR MONTHS.

7 SO WHAT I WOULD SUGGEST IS IF ITS
8 PROPOSAL, EITHER THE OXFORD PROPOSAL OR THE MELP
9 PROPOSAL OR THE BOARD STAFF PROPOSAL, IS GOING TO
10 GET ANY KIND OF SERIOUS CONSIDERATION, WE'VE GOT
11 TO MEET RIGHT NOW. WE'VE GOT ALL THE PLAYERS AT A
12 TABLE, FIND OUT WHAT THE ISSUES ARE, FIND OUT IF
13 THERE'S ANY ISSUES THAT WE AGREE ON, FIND OUT WHAT
14 THE ISSUES ARE THAT WE DISAGREE WITH THEM, AND GET
15 THROUGH THAT PROCESS AS RAPIDLY AS POSSIBLE SO
16 THAT AN ISSUE CAN BE BROUGHT BEFORE THIS COMMITTEE
17 AND THE FULL BOARD WHILE THE TIME STILL LASTS TO
18 DO SOMETHING ABOUT THE PILE.

19 BASICALLY MY COMMENTS. I'D JUST ASK
20 YOU IF YOU COULD HELP US GET TOGETHER, WE WOULD
21 REALLY APPRECIATE THAT.

22 MEMBER PENNINGTON: MR. CHAIRMAN, I THINK
23 THAT WE CAN CERTAINLY FACILITATE A MEETING. I
24 DON'T THINK THAT THAT'S A PROBLEM. I THINK THAT
25 THERE ARE JUST AN ENORMOUS AMOUNT OF ISSUES

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 INVOLVED HERE, AND EVERY DAY THE PLAYING FIELD
2 CHANGES A LITTLE BIT. AND I REALIZE THAT IF
3 THINGS STAY THE WAY THEY ARE TODAY, THAT CLIFF
4 DATE WOULD COME AND WE WILL HAVE MISSED AN
5 OPPORTUNITY.

6 HOWEVER, WE SEE THAT THERE MAY BE
7 SOME OTHER OPTIONS THAT WE WANT TO EXPLORE, AND I
8 THINK AT THAT POINT WE'LL HAVE A BETTER IDEA.
9 THERE'S THIS MAJOR LEGISLATION AND MAJOR CHANGES
10 IN THE ENERGY INDUSTRY ITSELF. I THINK ALL THOSE
11 THINGS WE HAVEN'T HAD AN OPPORTUNITY TO FULLY
12 UNDERSTAND WHAT IMPACT THEY HAVE ON MELP OR THE
13 LEGACY TIRE PILES IN AND OF ITSELF.

14 MR. BYRNE: MR. PENNINGTON, I AGREE WITH
15 THAT A HUNDRED PERCENT. I AGREE THAT THERE'S A
16 HOST OF ISSUES. I'VE BEEN UP HERE SAYING THAT
17 THAT CLIFF DATE IS GOING TO RUIN US. THAT'S JUST
18 MY ASSUMPTION. IF YOU LOOK INTO IT, AND MR.
19 CHANDLER HAS SAID IS THAT CLIFF DATE REAL, IS
20 THERE SOMETHING THAT CAN BE DONE TO CONTINUE
THAT.

21 BUT FROM OUR POSITION, WE HAVE NOT
22 YET SEEN THE MELP PROPOSAL, YET THAT'S A PROPOSAL
23 THAT HAS BEEN SUBMITTED TO THE BOARD. I DON'T
24 KNOW WHAT'S IN IT. I DON'T KNOW WHAT ISN'T IN

IT.

25 WE HAVEN'T HAD AN OPPORTUNITY WITH STAFF ON THEIR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CONCERNS. I KNOW THEY MENTIONED THAT OUR
PROPOSAL

2 DIDN'T EVEN TALK ABOUT WHO'S GOING TO MOVE THE
3 TIRES FROM THE PILE TO THE BELT. I WOULD JUST
4 LIKE TO GET TOGETHER AND FOCUS ON THOSE ISSUES
AND

5 NOT CLOSE THE DOOR ON ANY OTHER ANALYSIS THAT'S
6 GOING ON, JUST SO WE CAN BEGIN DISCUSSIONS TO
FIND

7 OUT, YOU KNOW, IF THIS THING CAN FLY OR NOT.

8 MEMBER PENNINGTON: WELL, AS YOU KNOW,
9 ANY TIME YOU WANT TO MAKE AN APPOINTMENT AND COME
10 IN AND SEE ME, I'M MORE THAN HAPPY TO SEE YOU,
AND

11 I'M SURE THAT'S TRUE WITH ALL THE OTHER BOARD
12 MEMBERS. AND OBVIOUSLY THE BOARD MEMBERS CAN'T
13 INVOLVE THEMSELVES IN TOO MANY PEOPLE BEING
AROUND

14 OTHER BOARD MEMBERS. I KNOW STAFF AND MR.
15 CHANDLER ARE ALWAYS PREPARED TO MEET WITH YOU, SO
16 WE'RE PREPARED TO MEET WITH YOU. WE MAY NOT HAVE
17 THE ANSWER YOU WANT.

18 MR. BYRNE: WHAT I'M KIND OF LOOKING FOR
19 IS YOU TO GET US AND MELP HERE SO THAT WE BOTH
20 COME IN HERE AND COME AND SIT AT THE TABLE AND

21 INITIATE SOME DISCUSSIONS MAYBE BETWEEN THE TWO
OF

22 US TOO.

23 MEMBER PENNINGTON: OKAY.

24 CHAIRMAN RELIS: MR. CHANDLER, DO YOU
25 HAVE ANYTHING TO ADD?

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MR. CHANDLER: I DON'T HAVE A PROBLEM IN
2 CONVENING A MEETING. I WOULD JUST REMIND THE
3 BOARD THAT YOU ALL DID ADDRESS THE SHORT-TERM
4 ELIMINATION OF THAT PILE THIS PAST APRIL. AND SO
5 IF YOU MAKE THE ASSUMPTION, GRANTED IT'S A LARGE
6 ONE, THAT MELP IS ABLE TO CONTINUE TO OPERATE PAST
7 SEPTEMBER OF '97 THROUGH SOME TYPE OF FINANCIAL
8 ARRANGEMENT THAT WORKS, WHETHER IT'S ON THE ENERGY
9 PAYMENT SIDE OR SOME TYPE OF RESTRUCTURE OF THEIR
10 DEBT, WE HAVE IN PLACE THE ELIMINATION OF THAT
11 PILE THROUGH A PERMIT THAT GOVERNS THE REMOVAL OF
12 THAT PILE, WHICH I WOULD LIKE -- I'M SURE MR.
13 BYRNE WOULD REITERATE, IS OTR'S INTENTION TO
14 ELIMINATE THE PILE.

15 MR. BYRNE: EXACTLY.

16 MR. CHANDLER: SO I DON'T WANT TO LOSE
17 SIGHT OF THE FACT THAT WE HAVE TAKEN A
18 RESPONSIBILITY TO TRY TO DO, AND I THINK WE ALL
19 SIMILARLY RECOGNIZE THAT THAT BURNDOWN SCENARIO
20 ONLY WORKS IF THAT FACILITY IS STILL THERE BEYOND
21 THE SEPTEMBER '97 DATE. CERTAINLY WE CAN BRING
22 MORE MEETINGS TO THE TABLE AND HAVE THOSE
23 DISCUSSIONS.

24 I THINK, AGAIN, THE PERSPECTIVE
THAT
25 THE CPCFA CONVERSATIONS BROUGHT TO THE TABLE IS

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 DOES THE STATE WANT TO ENSURE THAT THERE'S THAT
2 FACILITY EITHER IN THE SHORT TERM OR THE LONGER
3 TERM, THERE TO BE A RESOURCE FOR THE REMOVAL AND
4 CONSUMPTION OF THESE TIRES STATEWIDE. THAT'S KIND
5 OF THE FOCUS WE'RE LOOKING AT RIGHT NOW. BUT AS
6 MR. BYRNE KNOWS, I'D BE WILLING TO CONVENE A
7 MEETING AND HAVE MORE DISCUSSIONS ON THIS MATTER
8 WITH HIM.

9 MR. BYRNE: IN ALL FAIRNESS, MR. CHANDLER
10 HAS BEEN MOST HELPFUL ON THESE ACTIVITIES. AND I
11 AGREE. THE PERMIT'S IN PLACE. IF MELP CONTINUES
12 BEYOND THE CLIFF DATE AND IF THE PRICE TO DISPOSE
13 OF TIRES REMAINS 16 CENTS OR SOMEWHERE NEAR THAT
14 NUMBER, THEN WE'VE GOT A PERMIT IN PLACE THAT
15 WE'VE COMMITTED TO THAT WE'RE GOING TO GET RID OF
16 THAT PILE. THE TROUBLE IS THERE'S A LOT OF IFS IN
17 THAT SCENARIO. AND THOSE IFS REQUIRE THAT SMALL
18 COMPANY DOWN THERE TO MAKE DECISIONS.

19 YOU KNOW, ARE WE GOING TO EXIST
20 AFTER THE CLIFF DATE? AND, YOU KNOW, WE WEREN'T
21 PARTY TO THE DISCUSSIONS WITH MR. SEEGMILLER, AND
22 I'M NOT SUGGESTING THAT WE SHOULD HAVE BEEN. WE'D
23 JUST LIKE TO KIND OF GET A FEEL FOR WHAT'S --
24 WHAT'S COOKING AND WHERE THIS THING IS HEADED.

25 CHAIRMAN RELIS: FROM WHAT I GATHER, MR.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHANDLER WILL BE FOLLOWING UP AND HAVING A MEETING
2 WITH YOU, AND YOU ARE FREE TO MEET, CERTAINLY,
3 WITH BOARD MEMBERS AND LEARN ALL YOU CAN ABOUT
4 WHAT THE ONGOING WORK OF THE BOARD IS TO TRY AND
5 BRING THIS MATTER TO SOME CLOSURE.

6 MR. BRYNE: THANK YOU.

7 CHAIRMAN RELIS: THANK YOU. JACK MICHAEL
8 REPRESENTING L.A. COUNTY.

9 MR. MICHAEL: CHAIRMAN RELIS, MEMBERS OF
10 THE COMMITTEE, I'M JACK MICHAEL REPRESENTING LOS
11 ANGELES COUNTY, PARTICULARLY DEPARTMENT OF PUBLIC
12 WORKS. JUST A FEW WORDS TO INDICATE WHAT HAS
13 TAKEN PLACE SINCE YOUR LAST COMMITTEE MEETING.

14 CERTAINLY WON'T GO INTO ANY MORE
15 DETAIL ON OUR PROPOSAL. I BELIEVE YOU'RE FULLY
16 AWARE OF THAT. WILL INDICATE THAT WE MADE AN
17 EXTENSIVE EFFORT TO TRY TO DEVELOP SOME SORT OF A
18 JOINT APPROACH WITH THE CITY OF LOS ANGELES.

19 AS OF LATE ON FRIDAY, THE BOARD OF
20 PUBLIC WORKS, AS I UNDERSTAND IT, HAD DECIDED THAT
21 THEY WERE NOT INTERESTED IN A JOINT PROJECT AS
22 SUCH. MY -- I'VE NOT SEEN ANYTHING IN WRITING
23 FROM THEM, BY THE WAY. I DON'T KNOW IF ANYBODY
24 ELSE HAS. MY UNDERSTANDING OF WHAT THEY WERE
25 PROPOSING IS, AS I UNDERSTOOD IT, MORE OR LESS AN

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 EXTENSION OF THEIR USE OF RUBBER IN THEIR RECYCLED
2 ASPHALT PROJECT, WHICH I BELIEVE THEY ALREADY GOT
3 A GRANT FROM THE BOARD.

4 SO WE'RE STILL VERY INTERESTED IN
5 PURSUING OUR PROJECT. WOULD HOPE THAT THE
6 ALLOCATION THAT THE COMMITTEE MADE PREVIOUSLY FOR
7 THAT MARKET DEVELOPMENT APPROACH WOULD REMAIN, AND
8 WE BELIEVE THAT WE WOULD HAVE THE ABILITY OF
9 EXTENDING THIS TECHNOLOGY AND ASSISTANCE TO
10 COMMUNITIES THROUGHOUT THE STATE AS A MAJOR MARKET
11 DEVELOPMENT EFFORT FOR THE USE OF TIRES.

12 CHAIRMAN RELIS: JUST POINT OF
13 CLARIFICATION. THERE HAVE BEEN SOME CONCERN
14 EXPRESSED BY OUR STAFF ABOUT THE ISSUE IN YOUR
15 PROPOSAL, AS I UNDERSTAND YOUR PROPOSAL, EQUIPMENT
16 VERSUS TECHNICAL ASSISTANCE, WHETHER THE BULK OF
17 WHAT YOU HAVE IN MIND IS TO PURCHASE EQUIPMENT OR
18 WHETHER YOU'RE FLEXIBLE ON THAT VIS-A-VIS THE
19 BOARD'S INTEREST PRIMARILY OF THE TECHNICAL
20 ASSISTANCE SIDE OR STAFF'S CONCERN ABOUT THAT.

21 MR. MICHAEL: CLEARLY WE'RE WILLING TO
22 WORK WITH YOU AND THE STAFF ON THE FUNDING. I
23 THINK PART OF THE ISSUE HERE IS THAT OUR PROPOSAL
24 AND WHAT THE STAFF HAD ORIGINALLY SUBMITTED TO THE
25 BOARD WAS ON A MULTI-YEAR FUNDING BASIS, A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THREE-YEAR FUNDING BASIS, WHICH OUR PROPOSAL WAS
2 AS WELL.

3 CLEARLY ON THE FRONT END THERE IS AN
4 AMOUNT IN OUR PROPOSAL FOR THE PURCHASE OF
5 EQUIPMENT THAT IS VERY IMPORTANT, WE THINK, TO
6 ULTIMATELY BRINGING THIS MARKET DEVELOPMENT
7 PROGRAM UP TO SPEED QUICKLY. SO THAT'S WHY IN OUR
8 PROPOSAL THE INITIAL YEAR OF FUNDING WAS HIGHER
9 BECAUSE THERE IS A PIECE OF EQUIPMENT THAT IS NOT
10 AVAILABLE YET AT THE CITY, ALTHOUGH THEY, AS I
11 BELIEVE, INDICATED, THEY HAD ALL THE EQUIPMENT.
12 IT'S A MAJOR PIECE OF EQUIPMENT THAT IS EXPENSIVE,
13 BUT WE ARE WILLING TO WORK, IF WE'RE TALKING ABOUT
14 A MULTI-YEAR PROGRAM AND EVEN WITHIN A SINGLE-YEAR
15 PROGRAM, TO WORK WITH THE BOARD AND THE COMMITTEE
16 ON HOW WE MIGHT BE ABLE TO ACCOMPLISH THIS.

17 OUR OBJECTIVE, AS I MENTIONED AT THE
18 LAST COMMITTEE MEETING, IS WE'RE COMMITTED TO
19 GOING AHEAD WITH WORK AS IT RELATES TO OUR COUNTY,
20 AND PARTICULARLY UNINCORPORATED AREA IN OUR COUNTY
21 AND OUR CONTRACTS WITH -- OUR NATURAL CONTRACT
22 ARRANGEMENT WITH OUR CITIES. BUT WHAT WE'RE
23 ASKING THE BOARD FOR IS SOME ASSISTANCE TO BE ABLE
24 TO PROVIDE THE TECHNICAL ASSISTANCE AND HAVE THE
25 ADDITIONAL KNOWLEDGE THROUGH TESTING OF WHAT THE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ULTIMATE MIXES CAN BE FOR THIS MATERIAL TO MAKE IT
2 AVAILABLE TO COMMUNITIES THROUGHOUT THE STATE.
3 AND THAT WOULDN'T BE SOMETHING THAT WE WOULD
4 NORMALLY DO USING OUR OWN FUNDING. THAT IS THE
5 ESSENCE OF THE MONEY THAT WE'RE ASKING FOR IS TO
6 BE ABLE TO EXTEND THAT NOT ONLY TO OTHER
7 COMMUNITIES, BUT TO THE CONTRACTING COMMUNITY AS
8 WELL.

9 CHAIRMAN RELIS: IT'S MY UNDERSTANDING,
10 AND I THINK THE BOARD -- OTHER MEMBERS UNDERSTAND
11 THIS AS WELL, THAT YOU ARE -- IN YOUR PROPOSAL
12 YOU'RE LOOKING AT A MULTI-YEAR, BEARING IN MIND,
13 OF COURSE, WE APPROPRIATE ON AN ANNUAL BASIS, BUT
14 YOUR CONCEPT OR YOUR APPROACH IS VIEWED AS A
15 THREE-YEAR PROPOSAL.

16 MR. MICHAEL: THAT'S CORRECT.

17 CHAIRMAN RELIS: OKAY. ANY QUESTIONS?
18 THANK YOU.

19 MR. MICHAEL: THANK YOU.

20 CHAIRMAN RELIS: OKAY. JOLENE PANDZA.

21 MS. PANDZA: GOOD MORNING. I'M JOLENE
22 PANDZA FROM AMERICAN TIRE DISPOSAL. AND BOARD
23 MEMBER GOTCH MADE THE COMMENT IN HER EX PARTES
24 THAT WE HAD A CHANCE TO MEET OVER THE TELEPHONE
25 YESTERDAY. AND I'D LIKE TO HAVE THE OPPORTUNITY,

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 IF ANYBODY ELSE HAS TIME IN THE NEAR FUTURE, TO DO
2 THE SAME, AND I'LL BE CONTACTING YOU TO SET THAT
3 UP POSSIBLY.

4 I JUST WANTED TO LET THE MEMBERS
5 KNOW AND THE COMMITTEE MEMBERS KNOW THAT WE AS
6 AMERICAN TIRE DISPOSAL WERE THE RECIPIENTS OF THE
7 LAST THREE TIRE CLEANUPS THAT WE PERFORMED THROUGH
8 SUKUT, WHO'S THE GENERAL CONTRACTOR FOR THE STATE.
9 AND WE CURRENTLY ARE PERFORMING THE FOURTH ONE IN
10 BAKERSFIELD AS WE SPEAK. AS OF THIS MORNING, THEY
11 WERE GOING WELL. THEY'VE ACTUALLY STARTED LOADING
12 TIRES. AND MY OFFICE STATED THAT THEY WERE GOING
13 AS WELL AS THE OTHER ONES HAD GONE.

14 AND I HAD A CONCERN, OUR OFFICE HAS
15 A CONCERN ABOUT THE ALLOCATED FUNDS THAT THE BOARD
16 HAS OR THE COMMITTEE HAS BROUGHT UP AS FAR AS
17 FUTURE CLEANUP FOR THE NEXT YEAR'S BUDGET. AND I
18 KNOW THAT THERE ARE SOME CLEANUPS THAT ARE BROUGHT
19 TO THE COMMITTEE TOMORROW, AND I KNOW ONE OF THE
20 PILES THERE IS QUITE LARGE. AND IF YOU WERE TO
21 LIMIT THE AMOUNT OF FUNDS BASED -- I KNOW \$500,000
22 WAS MENTIONED IN THE LAST COMMITTEE MEETING. THAT
23 ONE CLEANUP ALONE COULD WIPE OUT THAT ENTIRE FUND
24 IF IT POTENTIALLY IS AS BIG AS IT SAYS TO BE.

25 SO I'D LIKE THE COMMITTEE TO TAKE A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 GOOD LOOK AT THAT. AND IF THE AGENDA OR THE IDEA
2 IS TO GET AS MANY OF THE CLEANUPS DONE IN THE NEAR
3 FUTURE, THAT THEY REALLY LOOK AT THE AMOUNT OF
4 MONEY THAT'S GOING TO BE ALLOCATED TOWARDS THE
5 CLEANUPS IN THE NEXT YEAR'S BUDGETS.

6 THE JOBS THAT WE HAVE PERFORMED HAVE
7 BEEN DONE EFFICIENTLY, TIMELY, AND FOR LESS MONEY
8 THAN ALL THE OTHER PRIOR CLEANUPS, I BELIEVE, HAVE
9 BEEN DONE. THE STAFF HAD ESTIMATED, I THINK, \$3 A
10 TIRE FOR THE CLEANUPS THAT WE PERFORMED, AND THE
11 AVERAGE CAME IN AT A DOLLAR TWENTY-TWO A TIRE
12 USING OUR PROCEDURES AND OUR COMPANY FOR DOING
13 THAT.

14 OBVIOUSLY IF THE COMMITTEE AND BOARD
15 HAS THE -- TRYING TO GET THIS OUT -- THE IDEA OF
16 END USE FOR THE TIRE CLEANUPS OR FOR THE COMPANIES
17 THAT ARE BIDDING THESE CONTRACTS, I FIND IT HARD
18 THAT THE COMMITTEE OR BOARD WOULD BE ABLE TO
19 JUSTIFY THE FACT OF IT GOING TO AN END USE IF IT'S
20 GOING TO BE MORE THAN 60 PERCENT OF WHAT THE
21 ACTUAL COST WAS FOR US TO DO THE CLEANUPS. I
22 THINK THAT NEEDS TO BE TAKEN INTO CONSIDERATION,
23 THAT WE COULD DO POSSIBLY TWO OR THREE CLEANUPS
24 FOR THE AMOUNT OF WHAT THE STAFF HAD ORIGINALLY
25 STATED THE AMOUNT OF TIRES TO CLEAN IT UP.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: MAY I ASK JUST WHERE YOU
2 GET THE NUMBER 60 PERCENT? I'M JUST CURIOUS.

3 MS. PANDZA: BECAUSE BASED ON WHERE THE
4 ORIGINAL ESTIMATES WERE WHEN WE RECEIVED THE
5 CONTRACTS OR THE REQUEST FOR BID, THERE WAS AN
6 ALLOCATED AMOUNT THAT'S BEEN IN ALL THE ITEMS OF
7 PREVIOUS MEETINGS AND WHAT THE ALLOCATED AMOUNTS
8 WERE FOR THE CLEANUPS AND ALL THE LEGACY PILES, I
9 BELIEVE IT WAS IN THE WORKSHOP, IT HAD TIRE PILE
10 CLEANUPS WITH THE ESTIMATED AMOUNT OF TIRES AND
11 THE ESTIMATED AMOUNT FOR THE CLEANUPS.

12 AND IN THE MEETING FOR TOMORROW, I
13 KNOW WE HAVE THAT ALSO BECAUSE OBVIOUSLY THERE ARE
14 CONCERNS THAT WE WOULD LIKE TO BE ABLE TO BID THE
15 CONTRACTS. IT'S STATED THAT THE TIRES WERE
16 ACTUALLY CLEANED UP FOR A DOLLAR TWENTY-TWO A TIRE
17 IN THE CONTRACTS THAT WE HAVE PERFORMED, WHICH IS
18 60 PERCENT LESS OF THE --

19 CHAIRMAN RELIS: OH, I SEE. SO YOU ARE
20 SAYING YOU'VE OPERATED AT 60 PERCENT UNDER THE
21 GENERAL NUMBER THAT THE BOARD HAS REFERENCED.

22 MS. PANDZA: RIGHT.

23 MEMBER PENNINGTON: COULD I PURSUE THAT
24 JUST A LITTLE BIT? ARE YOU SAYING THAT THE
25 REQUIREMENT FOR END USE OF THE SCRAP TIRE AFTER

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE CLEANUP IS COSTING 60 PERCENT?

2 MS. PANDZA: WHAT I WAS JUST MAKING THE
3 COMMENT WAS THAT THE ORIGINAL ESTIMATED AMOUNT FOR
4 THE CLEANUPS WERE \$3 A TIRE. WE DID IT FOR A
5 DOLLAR TWENTY-TWO A TIRE ON AN AVERAGE. SO I KNOW
6 THERE'S A CONCERN, BECAUSE I DO NOT HAVE -- I HAVE
7 END USES, BUT I KNOW THE BIG, BROAD SUBJECT OF
8 WHERE THE TIRES ARE GOING OUT OF THE LEGACY PILES.
9 THE TIRES THAT WE PICKED UP WERE NOT SUITABLE,
10 GOOD PERCENTAGES OF THEM, AND I WOULD SAY MORE
11 THAN 50 PERCENT WOULD NOT HAVE BEEN SUITABLE FOR
12 CEMENT KILNS BECAUSE OF THE RIMS THAT WERE
13 INCLUDED IN THEM. WE HAVE SEVERAL TONS OF RIMS.
14 THE TIRE SIZE AND BECAUSE OF THE DIRT FACTOR. SO
15 THE TIRES THAT WE CLEANED UP WERE SHREDDED AND
16 LANDFILLED, AND WE DID IT FOR 60 PERCENT LESS THAN
17 WHAT WAS ORIGINALLY ESTIMATED FOR THE CLEANUP TO
18 COST.

19 MEMBER PENNINGTON: IF YOU HAD SEPARATED
20 THOSE TIRES, WOULD THAT HAVE COST 60 PERCENT MORE?

21 MS. PANDZA: IF WE HAD SEPARATED THEM TO
22 TIRES THAT WERE SUITABLE AND NOT SUITABLE? NO, I
23 DON'T BELIEVE IT WOULD HAVE COST 60 PERCENT MORE.
24 OBVIOUSLY IT WOULD HAVE HAD MORE MANPOWER
25 INVOLVED. NOW, WE DO DO TIRE SORTING ON OUR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 NORMAL DAILY OPERATIONS, AND WE DID, WHILE WE WERE
2 DOING THE CLEANUPS, INSPECT THE TIRES TO THE BEST
3 EXTENT THAT WE COULD.

4 DUE TO THE TYPE OF OPERATION THAT WE
5 USE ON THE CLEANUPS, THE STAFF MEMBERS THAT HAVE
6 BEEN OUT THERE WOULD BE ABLE TO TELL YOU THAT WE
7 DO IT QUICKLY. WE CAN LOAD AN AVERAGE OF ABOUT A
8 HUNDRED TIRES WITH ONE BUCKETFUL OF OUR MACHINE
9 THAT WE USE. IT WOULD TAKE, OH, PROBABLY 15
10 MINUTES OR MORE OF A MANPOWER TO BE ABLE TO DO
11 THAT IF YOU HAD TO DO THAT. WE CAN DO IT IN A
12 MATTER OF MINUTES. SO OUR COSTS ARE LESS BASED
ON
13 THE WAY WE DO OUR PROCEDURES.

14 MEMBER PENNINGTON: THANK YOU.

15 MS. PANDZA: AND ACTUALLY I GUESS
THAT'S
16 IT.

17 CHAIRMAN RELIS: THANK YOU VERY MUCH.

18 ROBERT SCHWARTZ, ALL AMERICAN ASPHALT.

19 MR. SCHWARTZ: GOOD MORNING. I'D LIKE
TO

20 SPEAK BRIEFLY IN SUPPORT OF L.A. COUNTY'S
PROPOSAL

21 FROM -- I'M REPRESENTING A CONTRACTOR AND

ASPHALT

22 CONCRETE PRODUCER, ALL AMERICAN ASPHALT
COMPANY.

23 CHAIRMAN RELIS: FINALLY ONE OF THE
REAL

24 USERS.

25 MR. SCHWARTZ: I 'M NOT A VERY GOOD

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 SPEAKER, BUT I'M KIND OF IN THE TRENCHES THERE.
2 SO I'D LIKE TO COMMENT ON IT. BASICALLY OUR
3 COMPANY PRODUCES APPROXIMATELY THREE MILLION
TON

4 OF AC A YEAR OF THE ROUGHLY -- CONSIDERABLE
AMOUNT

5 OF THE 50 MILLION TON OF AC PRODUCED IN
CALIFORNIA

6 A YEAR. WE EMPLOY APPROXIMATELY 500 EMPLOYEES,
7 AND WE HAVE THREE ASPHALT CONCRETE PLANTS IN
8 SOUTHERN CALIFORNIA. NOW --

9 CHAIRMAN RELIS: ARE YOU ONE OF THE
10 OWNERS?

11 MR. SCHWARTZ: NO, I'M NOT AN OWNER.

12 RECENTLY WE BUILT A NEW FACILITY
IN

13 IRVINE THAT WAS DESIGNED SPECIFICALLY TO
14 INCORPORATE SCRAP TIRES INTO THE PLANT TO
PRODUCE

15 RUBBERIZED AC, AND IT'S THOUGHT TO BE THE
LARGEST

16 PLANT IN THE WORLD. IT RUNS APPROXIMATELY 600
TON

17 AN HOUR OF RUBBERIZED ASPHALT CONCRETE, WHICH
IS

18 MAYBE APPROXIMATELY 1500 SCRAP TIRES PER HOUR
THAT
19 WE CAN RUN THROUGH OUR PLANT TO MAKE RUBBERIZED
20 ASPHALT CONCRETE.
21 WITH THIS NEW FACILITY, WE
DEVELOPED
22 A NEW TECHNOLOGY TO MAKE RUBBERIZED ASPHALT
23 CONCRETE. ONE OF THE MAJOR OBSTACLES WE'VE HAD
IN
24 INCREASING THE USAGE OF THIS PRODUCT HAS BEEN
THE
25 LACK OF ANY KIND OF CENTRAL RESEARCH FACILITY

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WHERE NEW TECHNOLOGIES CAN BE BROUGHT TO STUDY,
2 TEST IT, AND DISTRIBUTE IT OUT TO THE AGENCIES
3 THAT ARE GOING TO USE THESE PRODUCTS.

4 AND I HAD A LOT OF TESTING DONE ON
5 MY OWN THROUGH SOME OF THE OUTSIDE LABORATORIES,
6 BUT COMING FROM A CONTRACTOR'S POINT OF VIEW, YOU
7 LACK A CERTAIN CREDIBILITY WHEN YOU DO THE TESTING
8 YOURSELF; WHEREAS, IF YOU TAKE AN AGENCY LIKE L.A.
9 COUNTY, WHO'S ALWAYS BEEN A LEADER, IN MY OPINION,
10 OF RECYCLED ASPHALT CONCRETE AND NOW IN RUBBERIZED
11 ASPHALT CONCRETE, YOU TAKE THEIR LEADERSHIP AND
12 THEIR CREDIBILITY AND DEVELOP A RESEARCH CENTER.
13 WHEREAS, THE CONTRACTORS, THE PRODUCERS, THE USER
14 AGENCIES IN THE AREA CAN ALL SHARE THIS
15 INFORMATION THAT'S DEVELOPED. AND TO ME THAT'S
16 CRUCIAL FOR THE FURTHER USAGE OF RUBBERIZED
17 ASPHALT CONCRETE.

18 THE WAY THE MARKET IS RIGHT NOW IS
19 WHEN THESE PROJECTS ARE PUT OUT TO BID, MAJORITY
20 OF THEM ARE PUT OUT AS A BASE BID USING
21 CONVENTIONAL ASPHALT CONCRETE AND AN ALTERNATE
22 USING RUBBERIZED ASPHALT CONCRETE. AND TO ME THE
23 MAIN THING THAT NEEDS TO HAPPEN IS THAT THE COST
24 IS IN COMPARISON WITH THE OTHER REMEDIAL
25 STRATEGIES; IN OTHER WORDS, THE CONVENTIONAL AC,

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE USAGE OF RUBBERIZED ASPHALT CONCRETE WON'T
2 PROLIFERATE OR EVEN SUCCEED IN THE FUTURE.

3 IF YOU HAVE A RESEARCH CENTER WHERE
4 YOU CAN DEVELOP THE NEW TECHNOLOGY SUCH AS ALL
5 AMERICAN HAS AND SHARE THAT INFORMATION, AND ONE
6 OF THE MAIN PROBLEMS WITH THE RUBBERIZED AC IS NO
7 ONE REALLY KNOWS WHAT MAKES A GOOD PRODUCT, WHAT
8 PERFORMANCE CRITERIA WE'RE LOOKING FOR. ALL THESE
9 THINGS ARE KIND OF UP IN THE AIR. AND, THUS,
10 PEOPLE AREN'T APT TO USE IT WHEN THEY DON'T KNOW
11 MUCH ABOUT IT.

12 BUT AGAIN, A RESEARCH CENTER OR
13 FACILITY WHERE THIS INFORMATION CAN BE BROUGHT IN,
14 STUDIED, AND DISTRIBUTED OUTWARD TO THE COMMUNITY,
15 BOTH FROM THE PUBLIC AND PRIVATE SECTOR, TO ME, IS
16 CRUCIAL TO BRING THE NEW TECHNOLOGIES IN, COST OF
17 THE RUBBERIZED AC DOWN, AND THUS IMPLEMENT THE
18 SUCCESS OF THE PRODUCT.

19 CHAIRMAN RELIS: I'D LIKE TO ASK YOU A
20 COUPLE OF QUESTIONS. SINCE YOU ARE THE FIRST
21 PARTY THAT HAS COME FORWARD WHO'S A PRODUCER,
22 WE'VE HEARD BEFORE THIS COMMITTEE AND FROM L.A.
23 COUNTY THAT THEY'VE HAD A VERY GOOD SUCCESS RATE
24 USING RUBBERIZED ASPHALT IN THEIR SPONSORED
25 PROJECTS. AND I TAKE IT YOU ARE A CONTRACTOR OR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 HAVE BEEN A VERY LARGE ONE.

2 MR. SCHWARTZ: WE'RE A PRIVATELY OWNED
3 COMPANY, BUT WE'RE A LARGE PRODUCER. AND TO
4 ANSWER YOUR QUESTION, YES, L.A. COUNTY HAS HAD A
5 TREMENDOUS SUCCESS RATE ON THE RUBBERIZED AC
6 PRODUCTS. I'D SAY SO MUCH BETTER THAN ANY OTHER
7 OF THE AGENCIES AND, FOR THAT MATTER, THE STATE OF
8 CALIFORNIA.

9 CHAIRMAN RELIS: AND YOU HAVE ACTUALLY
10 MANUFACTURED PRODUCT THAT HAS BEEN USED?

11 MR. SCHWARTZ: YES.

12 CHAIRMAN RELIS: AND INTERACTED WITH THE
13 COUNTY ON THE TECHNICAL SPECIFICATIONS?

14 MR. SCHWARTZ: FOR THE RUBBERIZED AC,
15 CORRECT. FOR CONVENTIONAL I'VE WORKED WITH THE
16 COUNTY FOR MANY YEARS. AND, IN FACT, THIS WEEK --
17 TODAY THERE'S A 13,000-TON JOB BIDDING IN L.A.
18 COUNTY FOR RUBBERIZED AC. AND THIS MONTH OUR
19 COMPANY ALONE WILL PRODUCE MATERIAL FOR TWO
20 L.A.

21 COUNTY PROJECTS TALLING ANOTHER ROUGHLY
22 15,000

23 TON. OF ALL THE AGENCIES IN SOUTHERN
24 CALIFORNIA,

25 L.A. COUNTY BY FAR AND AWAY SPECIFIES MORE

23 RUBBERIZED AC THAN ANY OF THE OTHER AGENCIES.

24 CHAIRMAN RELIS: AND THE OTHER

ASSERTION

25 MADE -- CLAIM MADE WAS THAT L.A. COUNTY HAS
BEEN

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ABLE TO ACTUALLY SAVE MONEY ON A PER MILE LAID
2 BASIS OF, I BELIEVE THE NUMBER WAS, \$60,000 PER
3 ROAD MILE. WHAT'S YOUR EXPERIENCE WITH THE COST
4 STRUCTURE BECAUSE WE HAVE -- IN FACT, I DIDN'T
5 REPORT THIS. BUT IF YOU GO BACK TO OUR ITEM NO. 1
6 TODAY, WHICH WAS THE TIRE STUDY, THERE'S A
7 STATEMENT MADE IN THERE WHICH I WAS THINKING ABOUT
8 IN LIGHT OF THE L.A. COUNTY TESTIMONY.

9 ON PAGE 12 IT SAYS OUR AC PROJECTS
10 HAVE HIGHER INSTALLATION COSTS ON THE ORDER OF 30
11 TO A 100 PERCENT ABOVE CONVENTIONAL ASPHALT
12 PAVEMENTS. AND THAT IS NOT WHAT WE HAVE HEARD
13 FROM L.A. COUNTY. IT WOULDN'T ADD UP WITH THE
14 \$60,000 PER ROAD MILE SAVING UNLESS I'M
15 FUNDAMENTALLY MISSING SOMETHING HERE.

16 MR. SCHWARTZ: THE WAY IT REALLY COMES
17 DOWN IS RUBBERIZED ASPHALT CONCRETE IS MORE
18 EXPENSIVE THAN CONVENTIONAL. BUT DUE TO THE
19 UNIQUE PROPERTIES ASSOCIATED WITH THE MODIFIED
20 BINDERS DUE TO THE SCRAP TIRES, THE TRADITIONAL
21 APPROACH HAS BEEN TO REDUCE THE THICKNESS OF THE
22 SECTION WHEN YOU USE RUBBERIZED AC COMPARED TO
23 THE
24 CONVENTIONAL AC.

 ADDITIONALLY, MOST OF THE TIME

YOU

25

ELIMINATE THE USE OF PETROMET -- I'M GETTING A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 LITTLE TECHNICAL. IT'S BASICALLY A REINFORCING
2 FABRIC THAT PREVENTS CRACKING FROM COMING
THROUGH,
3 WHICH RUBBERIZED AC DOES ON ITS OWN. SO YOU
4 ELIMINATE THE FABRIC, REDUCE THE STRUCTURAL
5 SECTION, AND IT'S CLOSE. BUT WHAT NEEDS TO PUT
IT
6 OVER THE EDGE, AND I'M SERIOUS ABOUT THIS, IS
7 THESE NEW TECHNOLOGIES.
8 A COMPANY LIKE MINE, I'VE SPENT A
9 TREMENDOUS AMOUNT OF RESEARCH WITH OUR OWN
MONEY
10 TO DEVELOP THIS PRODUCT. AND WHEN I TRY TO
MARKET
11 IT IN A LOT OF THE CITIES, AGAIN, THE LACK OF
12 CREDIBILITY FROM COMING FROM A CONTRACTOR AND
IN
13 LIEU OF SOMEONE SAYING, WELL, LET'S SEE HOW
THIS
14 PERFORMS 20 YEARS DOWN THE ROAD, THE TECHNOLOGY
TO
15 STUDY THESE MATERIALS, ACCELERATE THE AGING,
16 PREDICT PERFORMANCE, THINGS LIKE THAT, WHERE I
17 DON'T HAVE ABILITY TO HAVE THAT KIND OF
EQUIPMENT,

18 EVEN NOT VERY MUCH AROUND, IT'S NEEDED TO SHOW
19 THAT THESE OTHER TECHNOLOGIES CAN PRODUCE
20 COST-EFFECTIVE RUBBERIZED ASPHALT CONCRETE AND,
21 THUS, BRING THE COST DOWN, WHICH WILL BE
22 COMPARABLE TO CONVENTIONAL. THAT'S WHAT I
THINK
23 IS NEEDED.
24 CHAIRMAN RELIS: I WOULD -- MAYBE,
CAREN,
25 DO YOU WANT TO COMMENT ON THAT?

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MS. TRGOVCICH: JUST TO RAISE FOR JUST
2 THE COMMITTEE'S CONSIDERATION, AT LAST MONTH'S
3 COMMITTEE WHERE WE WERE DISCUSSING THIS PROPOSAL,
4 WE WERE FOCUSING ON TECHNICAL ASSISTANCE. AND I
5 THINK THAT THIS GENTLEMAN, MR. SCHWARTZ, HAS
6 RAISED AN ASPECT OF THE PROPOSAL THAT WOULD EITHER
7 BE IN ADDITION TO OR SOMEHOW DIFFERENT FROM THE
8 CONCEPT THAT WE WERE DISCUSSING LAST MONTH AROUND
9 THE TECHNICAL ASSISTANCE AND BACK OUT TO THE LOCAL
10 GOVERNMENTS OR COMMUNITIES THAT MAY NEED IT.

11 CHAIRMAN RELIS: SO YOU THINK THIS IS --
12 IF I FOLLOW, YOU'RE SAYING THIS IS MORE, WHAT,
13 R & D THAN TECHNICAL ASSISTANCE?

14 MS. TRGOVCICH: WHAT WE DO ENVISION THE
15 TYPE OF ASSISTANCE --

16 CHAIRMAN RELIS: FROM WHAT WE'VE LEARNED,
17 ARE THERE DISTINCTIONS HERE?

18 MR. SCHWARTZ: IN MY PERSONAL COMPANY'S
19 PERSPECTIVE, I'VE ALREADY DONE THE R & D. I NEED
20 THE TECHNICAL ASSISTANCE TO COMPARE THIS PROCESS
21 THAT I'M USING --

22 MS. TRGOVCICH: IS THIS TESTING THEN?

23 MR. SCHWARTZ: TESTING.

24 MEMBER PENNINGTON: EXCUSE ME. WHAT YOU
25 NEED IS TECHNICAL ASSISTANCE IN MARKETING YOUR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 PRODUCT.

2 MR. SCHWARTZ: NOT NECESSARILY MARKETING,
3 BUT PRESENTING THE DATA TO THE ASPHALT CONCRETE
4 COMMUNITY FROM THE CREDIBILITY OF AN AGENCY AND
5 NOT FROM A PRODUCER TRYING TO SAY THIS IS THE
6 GREATEST THING IN THE WORLD. THERE'S A CERTAIN
7 CREDIBILITY THAT COMES FROM L.A. COUNTY BASED ON
8 THEIR WHOLE HISTORY OF BEING A LEADER IN RECYCLED
9 AC AND ASPHALT CONCRETE, THE TYPE OF PLANT
10 INSPECTION THEY OFFER, EVERYTHING ABOUT THEM
11 THAT'S DIFFERENT FROM WHAT A CONTRACTOR CAN BRING
12 TO THE TABLE.

13 MEMBER GOTCH: LAST MONTH I HAD THE
14 OPPORTUNITY TO MEET MR. SCHWARTZ AND SEE THE
15 FACILITY, THE NEW FACILITY IN IRVINE, AND IT WAS
16 EXTREMELY IMPRESSIVE, FIRST OF ALL. NOTHING THAT
17 I EXPECTED IT TO BE. AND I'D LIKE TO ENCOURAGE
18 OTHER BOARD MEMBERS AND STAFF TO VISIT THE
19 FACILITY AS SOON AS THEY GET THE OPPORTUNITY.

20 BUT WHAT I LEARNED THROUGH THAT DAY
21 IS LITERALLY BY THE FLIP OF A SWITCH, YOU CAN GO
22 FROM TRADITIONAL ASPHALT TO RUBBERIZED ASPHALT IN
23 THE FACILITY. YOU HAVE THE CAPABILITY OF
24 RECYCLING ASPHALT THERE. AND THAT ALSO IN THAT --
25 AT THAT TRIP I HAD THE OPPORTUNITY OF VISITING

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 LAGUNA NIGUEL AND WHAT THEY'RE DOING THERE. AND
2 THE APPLICATION IS HALF THE THICKNESS AND,
3 THEREFORE -- AND EXTENDS THE LIFE OF THE ASPHALT.
4 AND, THEREFORE, THEY WERE GETTING MORE BANG FOR
5 THEIR BUCK AS FAR AS UTILIZATION OF ASPHALT
6 RUBBER.

7 MR. SCHWARTZ: THAT'S CORRECT. JUST TO
8 COMMENT ON WHAT JANET SAID, OUR COMPANY HAS
9 ALREADY DEVELOPED A TECHNOLOGY TO DO WHAT JANET IS
10 SAYING, TO PRODUCE IT, CONVENIENTLY WITH OUR
11 NORMAL OPERATING PROCEDURES HANDLE THE MATERIAL IN
12 BULK, TAKE AWAY ALL THE EXCESS LABOR AND MOVING
13 THE EQUIPMENT IN AND OUT. BUT I DON'T NECESSARILY
14 NEED A RESEARCH CENTER TO DEVELOP THE TECHNOLOGY
15 TO DO IT. I THINK THAT'S THE WHOLE IDEA IS TO
16 OPEN UP THE TECHNOLOGY CENTER TO ENCOURAGE PEOPLE
17 WHO HAVE IDEAS LIKE ME TO BRING THEM TO A CENTRAL
18 AREA WHERE THESE PRODUCTS CAN BE STUDIED AND THAT
19 INFORMATION, BASED ON WHAT'S GATHERED, CAN BE PUT
20 OUT TO THE INDUSTRY TO GET AWAY FROM ALL THE
21 POLITICS OF WHAT MAKES A SUCCESSFUL PRODUCT OR
22 NONSUCCESSFUL PRODUCT, SO IT ALMOST ENCOURAGES
NEW
23 TECHNOLOGY.

24 CHAIRMAN RELIS: SO YOU WANT TO TAKE

YOUR

25

KNOWLEDGE AND SHARE IT WITH YOUR COMPETITORS IN

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE PUBLIC ARENA?

2 MR. SCHWARTZ: I WANT THE USER AGENCIES
3 TO PUT IT INTO SPECIFICATIONS, NO. 1; AND, NO. 2,
4 I WANT THE -- THERE'S SO MANY MISCONCEPTIONS OF
5 WHAT MAKES A SUCCESSFUL RUBBERIZED AC, HOW TO
6 MEASURE THE PROPERTIES, ETC., AND THERE'S NO
7 COMMON GROUND. NO ONE -- THERE'S NO CENTRAL FOCUS
8 ON WHAT IS RIGHT AND WHAT IS WRONG. AND THAT'S A
9 MAJOR IMPEDING THE SUCCESS OF WIDESPREAD USAGE IN
10 MY OPINION.

11 MEMBER PENNINGTON: SO WOULD IT BE FAIR
12 TO CHARACTERIZE THAT YOU'RE LOOKING FOR AN AVENUE
13 TO CREATE A STANDARD?

14 MR. SCHWARTZ: YES, IF I UNDERSTAND THAT.
15 I WOULD LIKE THE AGENCIES TO GET AWAY FROM MORE OF
16 A RECIPE SPECIFICATION AND COME BACK WITH AN END
17 PRODUCT BASED ON TESTING, END PRODUCT PERFORMANCE
18 SPECIFICATION IN A CENTER THAT CAN PROVIDE WHAT
19 THAT IS GOING TO BE AND HOW TO TEST IT AND
20 IMPLEMENT IT.

21 CHAIRMAN RELIS: THANK YOU VERY MUCH.
22 GORDON RAYNER, CALIFORNIA MAINTENANCE COMPANY.
23 YOU'RE LOCAL IN SACRAMENTO.

24 MR. RAYNER: THAT'S CORRECT. IN FACT,
25 WE'RE JUST A COUPLE BLOCKS AWAY DOWN ON ELDER

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CREEK. NOW YOU HAVE TWO CONTRACTORS. WE ARE AN
2 END USER ALSO. AND I'M HERE TO SPEAK IN SUPPORT
3 OF THE L.A. COUNTY TECHNOLOGY TRANSFER CENTER.

4 I'D LIKE TO GIVE YOU A SHORT
5 BACKGROUND ON WHY I THINK IT'S IMPORTANT. CPM HAS
6 BEEN WORKING IN RECYCLED MATERIALS SINCE 1990.
7 WE'VE WORKED WITH FIBERS, WE'VE WORKED WITH GLASS,
8 AND WE'VE WORKED WITH THE GROUND RUBBER.

9 OUR FIRST WORK IN THIS MATERIAL WAS
10 TO HELP DESIGN MACHINERY THAT WOULD MANUFACTURE A
11 SHEARED RUBBER PROCESS FROM WHOLE TIRES. WE COULD
12 GET A GRADED RUBBER THAT WOULD WORK WITHIN THE
13 CURRENT SYSTEMS AND ALSO HAVE A SURFACE AREA THAT
14 WE NEED TO MAKE IT BENEFICIAL TO ASPHALT.

15 ANOTHER KEY IMPORTANT ITEM HERE IS
16 THAT WE WERE LOOKING FOR RUBBER NOT AS A WAY TO
17 TAKE ADVANTAGE OF -- AT THAT TIME IT WASN'T VERY
18 POPULAR -- OF THE MONIES THAT MIGHT BE AVAILABLE,
19 BUT RATHER THAN -- RATHER TO LOOK AT A PRODUCT
20 THAT WHERE THE RUBBER WOULD ACTUALLY ENHANCE THE
21 MATERIAL THAT WE WERE PLACING ON THE STREETS.
22 THAT HAS BEEN AND CONTINUES TO BE OUR GOAL.

23 WE ALSO BUILD THE EQUIPMENT THAT
24 MIXES AND PLACES THIS MATERIAL. WE SELL THIS
25 EQUIPMENT THROUGHOUT THE U.S., ALSO IN OTHER

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 COUNTRIES LIKE ARGENTINA, CHILE, CANADA, THAILAND.
2 AND WE HAVE INTEREST IN ALL OF THOSE PLACES WITH
3 THE RUBBER PRODUCTS THAT WE ARE NOW PLACING.

4 OVER THE YEARS WE'VE DEVELOPED
5 SYSTEMS THAT OVERCOME THE DRAWBACKS THAT WE'VE HAD
6 AND WE'VE FOUND IN THESE TYPE OF SYSTEMS. WE'VE
7 DEVELOPED TECHNOLOGY THAT IS ALLOWING US TO USE
8 THE RUBBER IN COMBINATION WITH ADDITIVES THAT
9 PRODUCE A PRODUCT THAT WILL GIVE LONGER LIFE AND
10 IS THE -- TO THE BENEFIT OF SOMEONE TO TAKE A LOOK
11 AT, NOT JUST BECAUSE IT HAS RECYCLED MATERIAL IN
12 IT, BUT BECAUSE IT'S ACTUALLY A BETTER PRODUCT.

13 AND TO ANSWER THE QUESTION THAT I
14 KNOW IS COMING, THIS IS NOT A PROPRIETARY PRODUCT.
15 THERE ARE SEVERAL PROPRIETARY PRODUCTS THAT ARE ON
16 THE MARKET, BUT THIS IS NOT ONE OF THEM. I'M HERE
17 TODAY TO SUPPORT THE FORMATION OF A TECHNOLOGY
18 TRANSFER CENTER BASICALLY FOR ALL THE SAME REASONS
19 THAT LAST GENTLEMAN WAS TALKING ABOUT.

20 WHERE WE'VE SEEN THIS WORK AND WE'VE
21 PLACED THIS FOR CITIES BACK ON CITY STREETS AS
22 EARLY AS '93 FOR THE CITY OF POMONA. WE KNOW THE
23 PRODUCT WORKS BECAUSE WE'VE BEEN DEALING IN THESE
24 TYPES OF MATERIALS FOR A LONG TIME. BUT AS THE
25 CONTRACTOR THAT ALSO PRODUCES THE MATERIAL, WE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FEEL IT'S IN THE BEST INTEREST TO FURTHER
2 RECYCLING METHODS TO HAVE SOMEONE WHO WOULD LOOK
3 AT IT UNBIASED AS L.A. COUNTY WHO HAS TAKEN THE
4 LEAD IN THE STATE OF CALIFORNIA FROM OUR POSITION
5 IN DEVELOPING THE USE OF RECYCLED MATERIALS IN
6 PAVEMENT SURFACES.

7 I THINK IT WOULD BE BENEFICIAL. WE
8 GET A LOT OF CALLS FROM CITIES AND AGENCIES NOW
9 WANTING TO KNOW ABOUT THE PRODUCT, THEY HEARD
10 ABOUT IT, THEY'VE HEARD ABOUT DIFFERENT USES FOR
11 IT, AND THEY WANT TO SEE OTHER DATA THAT MAY HAVE
12 BEEN DONE BY AGENCIES. I CAN SAY FROM THE
13 EXPERIENCES I'VE HAD WITH THE FEDERAL GOVERNMENT
14 AND THEIR TECHNOLOGY TRANSFER CENTERS, THAT HAS
15 BEEN VERY BENEFICIAL FOR THE STATES TO SHARE
16 INFORMATION ON THEIR EXPERIMENTS, THEIR USE OF
17 DIFFERENT PRODUCTS, AND MOVING THE TECHNOLOGY
18 AROUND.

19 CPM IS WILLING TO SUPPORT THIS
20 EFFORT THROUGH THE USE OF TRAINING IN THE
21 PRODUCTS, FOR THE USE OF HELP TO WRITE
22 SPECIFICATIONS. AND SINCE WE'RE ONLY LOCATED A
23 COUPLE OF BLOCKS FROM HERE, IF ANYONE WOULD
LIKE

24 TO VISIT OUR FACILITY, IT'S NOT A LOT TO SEE,
25 YOU'RE CERTAINLY WELCOME TO COME BY AND TALK

ABOUT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THESE ISSUES. ANY QUESTIONS I CAN ANSWER?

2 CHAIRMAN RELIS: I JUST THANK YOU FOR
3 COMING OUT BECAUSE IT'S HEARTENING TO HEAR NOW
4 FROM THE PEOPLE LAYING THE PRODUCT DOWN ON THE
5 ROAD AND GETTING VALIDATION THAT THERE IS A NEED
6 OUT THERE.

7 MR. RAYNER: WE FOUND THAT WE CAN, AS I
8 SAID IN THE BEGINNING, WE FOUND THAT WE CAN MAKE A
9 PRODUCT THAT'S ACTUALLY BETTER THAN THE CURRENT
10 PRODUCT USING THE RECYCLED RUBBER SO THAT WE GAIN
11 THE FLEXIBILITY IN THE MATERIAL ALONG WITH
12 ADDITIONAL BINDERS WHICH ENHANCE THE BINDING OF
13 THE RUBBER TO THE ASPHALT. IT'S A VERY GOOD
14 PRODUCT.

15 COST WAS BROUGHT UP BEFORE. WHEN
16 YOU ADD THESE MATERIALS INTO WHAT IS CURRENTLY
17 REFERRED TO AS A STANDARD SYSTEM, IT DOES INCREASE
18 THE COST, BUT THE PAYOFF IS THE BENEFIT OF THE
19 EXTENDED LIFE AND THE ABILITY TO USE THIS MATERIAL
20 IN AREAS WHERE IT CAN SERVICE THAT THE OTHERS
21 CAN'T. IN OTHER WORDS, WE CAN PLACE THIS MATERIAL
22 ON A ROADWAY THAT CANNOT BE REHABILITATED BY A
23 STANDARD SLURRY SEAL, AND THIS WILL MAKE
24 IMPROVEMENTS.

25 CHAIRMAN RELIS: COULD I ASK WHY THAT IS?

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MR. RAYNER: IT'S PRIMARILY BECAUSE OF
2 THE FLEXIBILITY AND THE ADDITIONAL BINDERS THAT WE
3 PLACE IN THERE THAT WE GO THROUGH LOOKING AT
4 EXPANSION PROCESSES AND THE THERMAL CHANGES THAT
5 WE GET DURING COST CYCLES.

6 CHAIRMAN RELIS: SO ARE YOU SAYING THAT
7 BECAUSE OF THE FLEXIBILITY OF THE MATERIAL AS ONE
8 PARAMETER, YOU CAN ACHIEVE EITHER REPAIRS THAT YOU
9 COULD NOT DO WITH STANDARD MATERIALS.

10 MR. RAYNER: THAT'S CORRECT. THAT'S
11 CORRECT. NOT AS APPLICABLE IN CALIFORNIA EXCEPT
12 AT HIGH ELEVATIONS. BUT, FOR INSTANCE, IN THE
13 CITY OF RENO ON A PRIVATE PARKING LOT, WE FILLED
14 CRACKS IN, I BELIEVE, 1993 WITH THIS MATERIAL,
15 WHICH IS NOT RECOGNIZED -- SLURRY SEAL IS NOT
16 RECOGNIZED AS A CRACK FILLING MATERIAL FOR WIDE
17 CRACKS. WE WERE FILLING CRACKS THAT WERE AN INCH
18 OR LARGER, AND THE MATERIAL PERFORMED AS WELL AS
19 THE BEST HOT RUBBER CRACK FILLER THAT'S ON THE
20 MARKET TODAY. SO WE'VE BEEN ABLE TO TAKE A
21 PRODUCT THAT HAD NOT BEEN USED FOR SOMETHING AND
22 THEN USE IT FOR THAT TYPE OF SERVICE.

23 CHAIRMAN RELIS: THANK YOU VERY MUCH.

24 ANY QUESTIONS?

25 MEMBER PENNINGTON: YEAH. WHERE DO YOU

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 GET YOUR RUBBER?

2 MR. RAYNER: WE'VE BOUGHT IT FROM SEVERAL
3 SOURCES.

4 MEMBER PENNINGTON: CRUMB RUBBER.

5 MR. RAYNER: YES. FROM TRISTATE WHEN
6 THEY WERE DEVELOPING THE MACHINES THAT DO THE
7 SHEARING, WORKING ON THE VARIOUS GRADED PRODUCTS,
8 BUT ALSO SOURCES IN L.A., BUT TYPICALLY HERE IN
9 CALIFORNIA.

10 MEMBER PENNINGTON: WHAT ABOUT THE
11 QUALITY OF THE TIRE?

12 MR. RAYNER: WE NEED QUALITY IN THE AREAS
13 OF GRADATION AND IN CLEANLINESS OF THE RUBBER. WE
14 CAN'T USE A SHREDDED MATERIAL BECAUSE OF THE
15 UNPREDICTABILITY OF THE SURFACE AREA THAT WE HAVE
16 TO COAT WITH THE ASPHALT AND THE ADDITIVES, SO WE
17 DO NEED A CONSISTENT GRADATION TO WORK WITH.

18 MEMBER PENNINGTON: OKAY. THANK YOU.

19 CHAIRMAN RELIS: OKAY. WE HAVE A LAST
20 SPEAKER, AND I'D ASK IF ANYONE ELSE IN THE
21 AUDIENCE WANTS TO ADDRESS, WOULD YOU PLEASE FILL
22 OUT A SLIP AGAIN AND BRING IT FORWARD. BARRY
23 TAKALLOU IS REPRESENTING TAC ENGINEERING. I'M
24 SORRY. I HAVE ONE OTHER, JOHN BENNETT FOLLOWING
25 AND THEN YOU, SIR.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 DR. TAKALLOU: THANK YOU, MR. CHAIRMAN.

2 I WANT TO TALK ON BEHALF OF CITY OF SAN FRANCISCO
3 NOW, SHIFTING THE GEAR TO NORTHERN CALIFORNIA. AS
4 YOU MAY RECALL, PROJECT WAS PARTIALLY FUNDED BY
5 THE BOARD LAST YEAR FOR THE DEVELOPMENT OF A
6 CLOSED LOOP RECYCLING PROGRAM FOR CITY OF SAN
7 FRANCISCO. WE HAVE STARTED THE PROJECT, AND NEWS
8 IS WE GET VERY GOOD COOPERATION FROM THE CITY.

9 YOU KNOW, THERE'S SO MUCH WORK FROM L.A. COUNTY.
10 ALSO COUNTY OF SAN FRANCISCO, THEY'RE GETTING VERY
11 MUCH INTERESTED TO ASPHALT RUBBER PROGRAM.

12 AS A MATTER OF FACT, NEXT WEEK WE
13 GOING TO HAVE SOME TEST RUNS IN SAN FRANCISCO, AND
14 THEY GOING TO USE THEIR OWN ASPHALT PLANT. AND
15 THIS IS A CITY-OWNED ASPHALT PLANT. THEY GOING TO
16 INCORPORATE CRUMB RUBBER INTO THE ASPHALT PLANT.

17 AND AS FAR AS SOME OF THE CONCERNS
18 OF WHAT HAPPENS IF OXFORD ENERGY NO LONGER ACCEPT
19 TIRES, THE GOOD NEWS IS THE LOCAL MARKETS ALREADY
20 MOVING IN, AND THAT ONE OF THAT LOCAL MARKET IS
21 GOING TO BE RUBBERIZED ASPHALT. SOME OF THE
22 INITIAL INDICATION WE HAVE, IT SHOWS THE PROGRAM
23 IN THE BAY AREA CAN CONSUME UP TO FOUR MILLION
24 TIRES AT THIS TIME TO GO TO THE RUBBERIZED ASPHALT
25 PROGRAM.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: FOUR MILLION A YEAR?

2 DR. TAKALLOU: THAT'S RIGHT. AND IN CASE
3 OF CITY OF SAN FRANCISCO, ACTUALLY GOING TO BE A
4 LOT LESS. IT'S GOTTEN MORE ECONOMICAL BECAUSE
5 THEY HAVE THEIR OWN ASPHALT PLANT. THEY DON'T
6 HAVE TO CONTRACT IT OUT. AND THIS PROJECT WAS
7 PARTIALLY FUNDED. WE TAKE IT AS FAR AS THE
8 FUNDING ALLOWS US TO DO, BUT THERE IS A GREAT
9 INTEREST ON BEHALF OF SAN FRANCISCO AND THE BAY
10 AREA ALSO INTO ASPHALT RUBBER. AND ALSO FIRST
11 STEP WE'RE TAKING IN TWO WEEKS' TIME, THE
12 TECHNICAL PEOPLE FROM SAN FRANCISCO TO L.A.
13 COUNTY.

14 CHAIRMAN RELIS: SO SAN FRANCISCO IS
15 WILLING TO TAKE TECHNICAL ASSISTANCE FROM L.A.?

16 DR. TAKALLOU: THEY ARE COMING DOWN TO
17 L.A. TO TECHNICAL ASSISTANCE.

18 CHAIRMAN RELIS: I HAD TO SAY THAT.

19 DR. TAKALLOU: IT'S A JOINT COOPERATION
20 WORK AND IS ALREADY -- L.A. COUNTY HAS PROPOSED,
21 BUT, AS I SAID, THE PROJECT IS PARTIALLY FUNDED.
22 AND ONE OF THE AREAS WHICH IS NOT FUNDED IS GOING
23 TO HELP THEM TO GET --

24 MEMBER GOTCH: I WAS TRYING TO REMEMBER,
25 WE WERE DISCUSSING THIS YESTERDAY WITH STAFF, YOU

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 HAD ORIGINALLY REQUESTED HOW MUCH? YOU SAID
2 PARTIALLY FUNDED, AND YOU RECEIVED WHAT AMOUNT?

3 DR. TAKALLOU: \$38,618.

4 MEMBER GOTCH: IS WHAT YOU HAD RECEIVED?

5 DR. TAKALLOU: THAT'S RIGHT.

6 MEMBER GOTCH: AND THE REQUEST WAS FOR?

7 DR. TAKALLOU: THE REQUEST FOR \$97,750.

8 MEMBER GOTCH: THANK YOU.

9 CHAIRMAN RELIS: OKAY. DOES ANYONE ELSE
10 WISH TO ADDRESS -- I'M SORRY. YES. WE HAVE TWO,
11 JOHN BENNETT, WHO I REFERENCED EARLIER. JOHN,
12 YOU'RE FIRST. AND THEN ED TOMEO.

13 MR. BENNETT: CHAIRMAN, BOARD MEMBERS,
14 THANK YOU. I'M JOHN BENNETT. I'M SPEAKING ON
15 BEHALF OF THE CALIFORNIA CEMENT MANUFACTURERS
16 ENVIRONMENTAL COALITION.

17 I KNOW IT'S A COINCIDENCE THAT WE
18 GET AROUND TO DISCUSSING FUNDING ALLOCATIONS AS WE
19 MOVE TOWARDS THE CHRISTMAS SEASON, BUT THERE DOES
20 SEEM TO BE SORT OF A HOLIDAY ATMOSPHERE THAT
21 SURROUNDS THE PARADE OF FOLKS THAT ARE ALWAYS HERE
22 WHENEVER I'M HERE TO TALK ON A SUBJECT, SO I GUESS
23 IT'S APPROPRIATE.

24 THERE'S AN INTERESTING JUXTA-
25 POSITION, I THINK, BETWEEN YOUR AGENDA ITEM NO. 2

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AND NO. 4 BECAUSE LAST YEAR WE SPENT A FAIR AMOUNT
2 OF TIME WALKING THE HALLS OF THE CAPITOL IN
3 DISCUSSIONS WITH RESPECT TO 2108, AND THERE WAS A
4 LOT OF INTEREST IN THE WAY GRANTS ARE PROVIDED AND
5 THE TYPES OF PROJECTS FOR WHICH EXPENDITURES ARE
6 MADE. AND I WANT TO REMIND US ALL THAT OUR GOAL
7 IN COMPLYING WITH THE ACT IS TO FIND WAYS TO DEAL
8 WITH THE LEGACY PILES AND WITH THE FRESH FLOW IN
9 THE MOST ECONOMIC WAY POSSIBLE.

10 AND ONE WAY TO DEAL WITH THAT, OF
11 COURSE, IS TO LOOK VERY CLOSELY AT THE GRANTS THAT
12 WE PROVIDE HERE IN THIS AGENCY BECAUSE WE'VE
13 CERTAINLY BEEN A PART OF THE ONGOING DISCUSSIONS
14 WITH RESPECT TO THIS. SPECIFICALLY, THERE'S AN
15 ITEM OF A HUNDRED THOUSAND DOLLARS WHICH HAS BEEN
16 OFFERED TO THE CEMENT INDUSTRY IN SUPPORT AND
17 TESTING AND SO ON AND SO FORTH.

18 THIS CONCERNS ME, FIRST, IN RESPECT
19 TO THERE'S BEEN NO IDENTIFIED SPECIFIC NEED ON
20 BEHALF OF THE INDUSTRY WITH RESPECT TO EXPENDITURE
21 OF THESE FUNDS. AND, SECOND, WE DON'T THINK IT
22 COSTS A HUNDRED THOUSAND DOLLARS TO DO WHAT'S
23 REALLY NECESSARY, AND THAT'S TO GET STAFF DOWN
24 TO
25 THE PUBLIC HEARINGS AND TO THE LOCAL DISCUSSIONS
 THAT ARE GOING ON AND MAKE PEOPLE UNDERSTAND THE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 IMPORTANCE OF THE OPTIONS THAT ARE AVAILABLE TO
2 US, ONE OF WHICH IS TO USE WHOLE TIRES AND
CHIPPED

3 TIRES IN CEMENT KILNS WITHOUT HAVING TO SHELL
OUT

4 GRANTS, WITHOUT HAVING TO PROP UP INDUSTRIES,
5 WITHOUT HAVING TO MOVE INTO THIS AREA THAT WE
CALL

6 MARKET DEVELOPMENT.

7 BUT WE'RE, AS I SAID, CONCERNED
8 ABOUT ANOTHER GRANT WITH RESPECT TO THE CEMENT
9 INDUSTRY, AND WE NEED TO EXPRESS OUR CONCERN
ABOUT

10 TIGHTER CONTROLS OVER THOSE GRANTS. AS WE'VE
SEEN

11 TODAY, THERE MAY BE OTHER BETTER WAYS TO MOVE
12 AHEAD IN MORE A CONTRACTUAL BASIS. BUT AS WE
MOVE

13 AHEAD NEXT YEAR WITH SOME OF THESE LEGISLATIVE
14 PROPOSALS OR IN THE YEAR AFTER THAT, I THINK WE
15 ALL NEED TO LOOK CAREFULLY ABOUT HOW THOSE
GRANTS

16 ARE PROVIDED AND TRY AND DO MORE WITH LESS.
WE'LL

17 CERTAINLY TRY TO PARTICIPATE AND BE SUPPORTIVE

IN

18 ANY EFFORT TO DO THAT. THANK YOU.

19 MEMBER PENNINGTON: MR. CHAIRMAN, I'D

20 LIKE TO THANK MR. BENNETT FOR BEING WILLING TO

21 HAVE US REIGN WITH A TIGHT HAND. AND I AGREE

WITH

22 YOU, AND THAT'S WHY I'VE CUT -- IN MY PROPOSAL

CUT

23 THAT PARTICULAR GRANT DOWN. WE APPRECIATE YOU

24 COMING AND TELLING US THAT.

25 MS. TRGOVCICH: MR. CHAIRMAN, MAYBE

JUST

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FOR THE BENEFIT OF THOSE IN THE AUDIENCE AND MR.
2 BENNETT, PART OF THE SUPPLEMENTAL BUDGET ACT
3 LANGUAGE REQUIRES US TO BEGIN AND CONDUCT AN
4 EVALUATION OF THE GRANTS THAT WE HAVE OFFERED
5 LOOKING AT WHERE THEY'VE BEEN MOST EFFECTIVE AND
6 MAKING SOME RECOMMENDATIONS. AND WE ARE IN THE
7 PROCESS OF DEVELOPING THAT REPORT AT THIS TIME,
8 AND SO YOU WILL BE HEARING MORE ABOUT THAT IN THE
9 COMING MONTHS.

10 CHAIRMAN RELIS: THANK YOU. OKAY. ED
11 TOMEO.

12 MR. TOMEO: I FELT IT WAS IMPERATIVE
THAT

13 I COME BACK AND BASICALLY OFFER A RESPONSE, I
14 GUESS, TO MICHAEL BRYNE'S OBSERVATIONS OR
COMMENTS

15 THAT WERE PROVIDED TO YOU ON BEHALF OF HIS
CLIENT,

16 OXFORD TIRE. FUNDAMENTALLY I ALLUDED TO IT AT
THE

17 LAST COMMITTEE MEETING, THAT THERE HAS BEEN A
18 CONTRACTUAL RELATIONSHIP CHANGE BETWEEN US AND
19 OXFORD TIRE RECYCLING.

20 AND SO WITH REGARD TO MICHAEL'S
21 COMMENTS, THE PART I DO AGREE WITH IS EXPEDIENCE.

22 I WOULD ALSO LIKE TO WORK WITH THE BOARD IN HASTE
23 TO DO WHAT WE CAN TO IMPROVE THE SITUATION WHICH
24 WE CURRENTLY HAVE.
25 THAT SITUATION IS FUNDAMENTALLY
THAT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WE ARE CONTINUING TO RECEIVE AND ACCEPT OXFORD
2 TIRE RECYCLING TIRES AT OUR FACILITY; HOWEVER, WE
3 ARE NOT BEING PAID FOR THOSE TIRES. THAT IS IN
4 BREACH OF THE CONTRACT THAT WE HAVE WITH THEM.
5 AND ALTHOUGH I DON'T HAVE THE EXACT FIGURE RIGHT
6 NOW, WE ARE SOMEWHERE IN ARREARS OF \$400,000,
7 WHICH IS BASICALLY MONEY THAT IS NOT GOING TO BE
8 PAYING DEBT.

9 WE ARE, AS A RESULT, CURRENTLY OUT
10 ON THE MARKETPLACE SOLICITING BIDS FROM OTHER TIRE
11 SUPPLIERS AND HAVE RECEIVED A NUMBER OF RESPONSES
12 AND HOPE TO HAVE A NEW RELATIONSHIP WITH A NEW
13 TIRE SUPPLIER IN THE NEAR FUTURE. BASICALLY IT'S
14 IMPORTANT, AS WE DISCUSSED EARLIER, THAT MODESTO
15 DOES RECEIVE MONEY FOR TIRES. IT'S CERTAINLY A
16 CLEAR COMPONENT OF OUR FINANCIAL SECURITY.

17 BASICALLY WE HAVE ALSO DISCUSSED THE
18 LONG-TERM VIABILITY OF THIS FACILITY, AND AS FAR
19 AS I'M CONCERNED, THERE ARE THREE MAIN COMPONENTS.
20 ONE, WHICH WE HAVE A LOT OF CONTROL OVER, IS THE
21 COST REDUCTION PROGRAM AT THIS FACILITY. AND U.E.
22 ENERGY IN THEIR MANAGEMENT OF THIS FACILITY HAS
23 REDUCED EXPENSES BY OVER A MILLION AND A HALF
24 DOLLARS PER YEAR OVER THE PERIOD OF TIME THAT

WE

25 HAVE BEEN OPERATING THIS FACILITY.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE SECOND IMPORTANT COMPONENT IS
2 TIRE TIP FEES. AND WE ARE LOOKING TO A
3 MARKETPLACE WHERE WE CAN GET HIGHER TIP FEES
4 PERHAPS ON THE OPEN MARKET COMPONENT, BUT ALSO
5 THERE WAS A DISCUSSION ABOUT LEGISLATIVE
6 INITIATIVE THIS MORNING, AND WE DO INTEND TO
7 PURSUE AGAIN, HOPEFULLY IN CONJUNCTION WITH A
8 NUMBER OF PARTIES IN THIS ROOM, A LEGISLATIVE
9 INITIATIVE TO GET THE FEE FOR TIRE DISPOSAL AT
10 THE -- ACTUALLY A PAYMENT AT THE POINT OF
11 CONSUMPTION OF A NEW TIRE A DOLLAR FEE TO BE USED
12 TO PAY END USERS FOR THE CONSUMPTION OF THAT TIRE.
13 WE THINK THAT'S A VERY IMPORTANT COMPONENT IN
14 STIMULATING THE MARKETPLACE.

15 YOU DO RECOGNIZE THAT MODESTO IS
16 CURRENTLY CONSUMING ONE-THIRD OF ALL THE TIRES
17 THAT ARE BEING REUSED IN THE STATE OF CALIFORNIA.
18 HOWEVER, THERE'S STILL ANOTHER TEN MILLION TO GO.
19 AND IF WE LOSE OUR FACILITY, YOU PUT THE 10
20 MILLION OUT THERE AND OUR SIX MILLION ON TOP OF
21 IT, YOU STILL HAVE A SIGNIFICANT TIRE PROBLEM.

22 FINALLY, THE OTHER REVENUE COMPONENT
23 IS ELECTRIC REVENUES, AND WE WILL CONTINUE TO WORK
24 THROUGH THE ELECTRIC INDUSTRY RESTRUCTURING TO TRY
25 AND SECURE ADDITIONAL REVENUES IN THAT FRONT AND

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ALSO PLAN TO WORK WITH PG&E IN DISCUSSING OUR
2 CURRENT DILEMMA.

3 ALSO, I THINK IT'S IMPORTANT TO NOTE
4 WHY WE ARE CONTINUING TO RECEIVE TIRES FROM OTR
5 AND BURN THEM. YOU HAVE TO RECOGNIZE THEY ARE
6 TIRES OFF THE ROAD, AND THEY ARE, THEREFORE, NOT
7 TIRES THAT WE'RE BURNING FROM THE PILE. THE PILE
8 IS REMAINING APPROXIMATELY THE SAME SIZE. WE BURN
9 500,000 TIRES A MONTH AND WE'RE LOSING VALUABLE
10 TIME. THANK YOU.

11 CHAIRMAN RELIS: I SUGGEST AT THIS POINT
12 WE TAKE OUR LUNCH BREAK BECAUSE WE'RE GOING TO NOW
13 PROCEED INTO THE BUDGET EXPENDITURE DELIBERATIONS
14 THAT WILL TAKE A WHILE, SO THERE'S NO POINT
15 BEGINNING THAT RIGHT NOW. SO IF THE COMMITTEE
16 MEMBERS ARE IN AGREEMENT, I WOULD SUGGEST WE
17 RESUME AT ONE. WE HAVE AN HOUR AND 15 MINUTES.
18 IS THAT ENOUGH TIME? 1:15.

19 MEMBER GOTCH: THAT'S FINE. I HAVE A
20 1:30 ADMINISTRATION COMMITTEE.

21 MEMBER PENNINGTON: AS CHAIR, WE CAN MOVE
22 THAT TO LATER IN THE DAY. I KNOW YOU HAVE TO GET
23 OUT OF HERE.

24 MEMBER GOTCH: NO, THAT'S FINE.
25 CHAIRMAN RELIS: SO WE HAVE THE PARTIES

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 TO MAINTAIN FLEXIBILITY. OKAY. 1:15 THEN.

2 (RECESS TAKEN.)

3 CHAIRMAN RELIS: CALL BACK TO ORDER THE
4 MEETING OF THE POLICY, RESEARCH, AND TECHNICAL
5 ASSISTANCE COMMITTEE.

6 MEMBER GOTCH: MR. CHAIRMAN, I'D LIKE TO
7 CLARIFY, THIS IS WHAT WE WERE JUST DISCUSSING, WAS
8 THE LEGISLATIVE PROPOSALS THAT WE HAD DISCUSSED
9 EARLIER, AND THE MOTION WAS TO BRING THOSE TO, IN
10 MY UNDERSTANDING, BRING THOSE ALL TO LEGISLATION
11 COMMITTEE. ACTUALLY, I DON'T KNOW IF THAT'S WHAT
12 YOU AGREED TO ALSO. THAT'S WHAT I THOUGHT YOU HAD
13 UNDERSTOOD IT THAT WAY. AND ACTUALLY I'LL JUST
14 ASK DOROTHY.

15 MS. RICE: MAYBE I'M THE ONLY ONE
16 UNCLEAR. I HAD UNDERSTOOD WHEN YOU REFERRED TO
17 BRINGING THEM BACK THROUGH THE ORDINARY PROCESS,
18 NOT GENERALLY A COMMITTEE ITEM IN PUBLIC, BUT
19 INFORMALLY BY STAFF ON THE LEGISLATIVE PROPOSALS.
20 BUT IF IT IS THE PREFERENCE OF THE COMMITTEE TO
21 HAVE AN EXCEPTION TO THAT PROCESS AND BRING THE
22 TIRE PROPOSALS FORMALLY TO THE LEGISLATION
23 COMMITTEE, WE CAN CERTAINLY DO THAT IF THAT'S THE
24 WISH OF THE COMMITTEE, EXCEPTING THOSE THAT HAVE
25 ALREADY BEEN APPROVED BY THE BOARD MEMBERS THROUGH

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THE USUAL INFORMAL PROCESS. IN OTHER WORDS, YOU
2 ALREADY HAVE A TIRE PROPOSAL IN, WHICH INCLUDES, I
3 BELIEVE, FOUR OF THE ELEMENTS OF WHAT WERE
4 DISCUSSED TODAY, SO THOSE HAVE ALREADY RECEIVED
5 YOUR APPROVAL TO PROCEED WITH.

6 MEMBER GOTCH: AND THERE WERE SEVERAL
7 THAT I WANTED TO MAKE SURE THAT WE BROUGHT UP,
8 SPECIFICALLY NO. 3, WHICH WAS THE INCREASED AMOUNT
9 OF TIRE FUND FEE FROM 25 CENTS PER TIRE TO A
10 DOLLAR PER TIRE. SO THE ONES THAT HAVE ALREADY
11 BEEN BROUGHT UP TO THE BOARD'S -- THROUGH THE
12 BOARD ARE 1, 5, 6 AND 7.

13 MS. RICE: THAT'S CORRECT.

14 MEMBER GOTCH: THE REMAINDER IS WHAT I'D
15 LIKE TO BRING TO LEGISLATION AND PUBLIC EDUCATION
16 COMMITTEE.

17 MEMBER PENNINGTON: AFTER WE DO OUR
18 INFORMAL STUFF. WE CAN WORK ON THAT.

19 MEMBER GOTCH: INFORMALLY DISCUSSING?

20 MEMBER PENNINGTON: RIGHT. I MEAN OUR
21 PROCESS IS USUALLY TO GO FROM BOARD OFFICE TO
22 BOARD OFFICE AND --

23 MS. RICE: I'M ASSUMING YOU WOULD BE
24 REPLACING THAT PROCESS WITH BRINGING THEM TO
25 COMMITTEE.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MEMBER PENNINGTON: I THINK WE WANT -- I
2 THINK WE NEED TO HAVE LAID OUT FOR US WHAT THE
3 PROPOSAL IS BEFORE WE WANT TO TAKE IT FORMALLY TO
4 COMMITTEE.

5 MS. RICE: SO WE WILL DEVELOP THE
6 PROPOSALS MORE FULLY AND PROVIDE THAT INFORMATION
7 TO YOUR OFFICES AND CALENDAR AN ITEM FOR THE
8 LEGISLATION COMMITTEE.

9 MEMBER GOTCH: DECEMBER LEGISLATION
10 COMMITTEE.

11 CHAIRMAN RELIS: IS THAT PERFECTLY CLEAR?

12 MS. RICE: YES, THANK YOU.

13 CHAIRMAN RELIS: OKAY. THERE ARE EX
14 PARTES DURING THE RECESS.

15 MEMBER GOTCH: YES, MR. CHAIR, THANK YOU.
16 I HAD A CONVERSATION WITH MICHAEL HARRINGTON WITH
17 BAS REGARDING THE PLAYGROUND TILES AND A TOUR OF
18 HIS FACILITY. BRIEF DISCUSSION WITH DR. BARRY
19 TAKALLOU REGARDING SAN FRANCISCO GRANT MONEY, AND
20 TERRY LEVEILLE REGARDING LEGISLATION PROPOSALS.
21 ALSO, THE LETTER, THE CCMEC THAT YOU HEARD EARLIER
22 EX PARTED. THANK YOU.

23 CHAIRMAN RELIS: I HAD RUN INTO MICHAEL
24 BRYNE IN THE HALLWAY REGARDING THE MELP/OXFORD
25 MATTER.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MEMBER PENNINGTON: I SPOKE WITH MICHAEL
2 BRYNE ABOUT GOLF.

3 CHAIRMAN RELIS: OKAY. WE HAVE COMPLETED
4 THE PUBLIC TESTIMONY. AND WE ARE NOW INTO THE
5 ALLOCATION DISCUSSIONS. DOES STAFF HAVE ANYTHING
6 TO ADD BEFORE WE BEGIN OUR DELIBERATIONS ON THIS?

7 MS. RICE: NO. AS I INDICATED EARLIER,
8 WE MAY CERTAINLY HAVE QUESTIONS OR SEEK
9 CLARIFICATIONS ON YOUR RECOMMENDATIONS AS YOU
10 DEVELOP THEM.

11 CHAIRMAN RELIS: OKAY.

12 MEMBER PENNINGTON: MR. CHAIRMAN, WOULD
13 YOU LIKE ME TO LEAD OFF WITH THIS?

14 CHAIRMAN RELIS: WELL, IF I COULD JUST
15 SAY A COUPLE, USING CHAIR'S PREROGATIVE, A FEW
16 OVERARCHING STATEMENTS. FIRST OF ALL, JUST
17 REGARDING AT THE OUTSET WE HEARD A BRIEF REPORT
18 FROM MR. CHANDLER ON THE MELP/OTR/CPCFA INTERFACE.
19 AND I JUST WANTED TO CONVEY THAT I THINK THIS
20 ISSUE WARRANTS SPECIAL CONSIDERATION FOR A NUMBER
21 OF REASONS.

22 ONE IS THAT WE DEPEND NOW ON THIS
23 OPERATION FOR FIVE TO SIX MILLION TIRES AS PART OF
24 THE CURRENT MARKET. AND I KNOW THAT'S BEEN STATED
25 A NUMBER OF TIMES, BUT I DON'T THINK THAT CAN BE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 OVERSTATED ALONG WITH THE SCALE OF THE LEGACY PILE
2 THAT IS THERE. AND I REALIZE THIS IS VERY COMPLEX
3 AND IT SEE-SAWS BACK AND FORTH, AND THERE ARE A
4 NUMBER OF PARTIES, BUT IT WOULD BE MY HOPE TODAY
5 THAT WE WOULD MAKE A COMMITMENT TO PARTICIPATE IN
6 SOME MANNER IN TRYING TO RESOLVE THIS TO PRESERVE
7 THE BOARD'S OPTION OF HAVING A MARKET FOR THOSE
8 TIRES.

9 AND SO I JUST WANTED TO OFFER A
10 PERSPECTIVE ON THAT BECAUSE I THINK THAT ISSUE IS
11 ONE VERY MUCH OF STATEWIDE SIGNIFICANCE FOR OUR
12 WHOLE PROGRAM FOR WHAT WE CAN DO IN THE NEAR TERM
13 AND WHETHER WE'RE MOVING FORWARD OR BACKWARDS ON
14 THIS. SO I'LL STOP THERE.

15 MEMBER GOTCH: MR. CHAIRMAN, I HAVE A
16 COUPLE OF QUESTIONS. I GUESS I'D LIKE TO, FIRST
17 OF ALL, WHY IS THE \$500,000 RESERVE THE AMOUNT?
18 WHY THE SACRED NUMBER? AND WHY IN THIS CURRENT
19 YEAR ALSO? NEXT YEAR WE WILL HAVE MORE FUNDS
20 AVAILABLE AND...

21 MR. CHANDLER: LET ME ANSWER YOUR SECOND
22 QUESTION FIRST, IF I COULD. IT'S A TIMING
23 QUESTION. IT'S MY BELIEF THAT IF WE'RE GOING TO
24 TRY TO SIT DOWN WITH THE PARTIES INVOLVED,
25 INCLUDING THE OTHER STATE AGENCIES, FINANCING

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AUTHORITY, THAT WE NEED TO DO THAT IMMEDIATELY.
2 TO POSTPONE DISCUSSIONS UNTIL THE JULY/AUGUST TIME
3 FRAME OF NEXT YEAR, AND LET'S ACKNOWLEDGE THAT
4 WE'RE LOOKING FOR FUNDING DIRECTION FOR CURRENT
5 YEAR IN THE NOVEMBER TIME FRAME NOW.

6 SO IF WE PRESUME THAT WE'RE GOING TO
7 BE ON THIS SAME TRACK NEXT YEAR, WE'LL BE IN HERE
8 IN THE NOVEMBER CALENDAR 1997 LOOKING AT
9 ALLOCATING 7-8 DOLLARS.

10 THE ISSUE THAT IS FACING THE TIRE
11 PILE AS WELL AS FACING THE ENERGY FACILITY OUT
12 THERE IS ONE IN WHICH IS EXACERBATED BY THE CLIFF
13 DATE OF SEPTEMBER '97. SO IT WAS MY BELIEF THAT
14 IF WE COULD SIT DOWN AND BEGIN NEGOTIATIONS
15 IMMEDIATELY WITH ALL THE PARTIES INVOLVED,
16 INCLUDING THE BANKS, POSSIBLY PG&E, THAT WE COULD
17 PERHAPS STRUCTURE A SITUATION OUT THERE THAT
WORKS

18 FOR THE STATE'S LONG-TERM BEST INTEREST.

19 I FEEL THAT IN ORDER TO BE AT THE
20 TABLE AND HAVE THAT KIND OF NEGOTIATIONS, TO
21 SIMPLY BE THERE WITH ALL OF OUR DOLLARS ALLOCATED
22 IN OTHER DIRECTIONS PUTS US IN THIS WEAK
23 BARGAINING POSITION AT BEST, AND CERTAINLY
DOESN'T

24 PUT US IN A LEADERSHIP POSITION. SO I WAS
ARGUING
25 THAT WE AT LEAST PRESERVE THE STATE'S INTEREST

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 IMMEDIATELY BY HAVING, IF YOU WILL, OURSELVES AT
2 THE TABLE.

3 NOW, YOUR QUESTION ABOUT THE DOLLAR
4 AMOUNT, I CAME TO THE DOLLAR AMOUNT FRANKLY FROM
5 THE STAFF'S ORIGINAL RECOMMENDATION, WHICH WAS, IF
6 I RECALL CORRECTLY, IN THE NEIGHBORHOOD OF ABOUT
7 750 TO 800 THAT WAS UNALLOCATED IN THE CURRENT
8 YEAR BUDGET. DO YOU RECALL, DOROTHY, HOW MUCH WE
9 HAD?

10 MS. RICE: THAT WAS THE AMOUNT REMAINING
11 AFTER THE COMMITTEE ALLOCATIONS OF LAST MONTH.

12 MR. CHANDLER: THAT'S CORRECT. THAT'S, I
13 GUESS, THE POINT OF REFERENCE I'M TRYING TO SPEAK
14 TO IS AT THE LAST COMMITTEE MEETING BEFORE TODAY'S
15 MEETING, YOU HAD ON THE TABLE \$800,000
16 UNALLOCATED. AND I WAS HOPEFUL THAT THAT MONIES
17 COULD BE SET ASIDE AS PRIORITY SITES -- FOR
18 PRIORITY SITES.

19 I SEE THAT SINCE THEN, THE ADVISORS
20 HAVE GOTTEN TOGETHER AND ALLOCATED A MUCH SMALLER
21 LEVEL, AND WE HAVE NO MONEY AT THIS POINT
22 UNALLOCATED. I WOULD STILL ARGUE THAT YOU NEED A
23 SUBSTANTIAL AMOUNT AVAILABLE TO ENTER INTO THOSE
24 KINDS OF NEGOTIATIONS. SO MY FIGURE WAS IN THE
25 NEIGHBORHOOD OF HALF A MILLION, 500,000. I'LL

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ADMIT TO YOU THAT THAT IS PURELY JUST A FIGURE
2 THAT WE FELT WAS APPROPRIATE FOR US TO OPEN UP
3 NEGOTIATIONS.

4 MEMBER GOTCH: I HAVE NOT BEEN BRIEFED BY
5 YOU ON THIS ITEM YET, ALTHOUGH CAREN GAVE ME A
6 LITTLE BACKGROUND IN THIS. AND I HAVE SOME CAUSE
7 FOR CONCERN WITH THAT AMOUNT AT THIS TIME WITH THE
8 AMOUNT OF KNOWLEDGE THAT I HAVE AT THIS POINT. SO
9 I WANT TO MAKE THE OTHER COMMITTEE MEMBERS AWARE
10 OF THIS.

11 MS. TRGOVCICH: MR. CHAIRMAN, PERHAPS IF
12 I CAN JUST ALSO ADD THAT IN OUR DISCUSSIONS WITH
13 CPCFA, WE ASKED THAT VERY SAME QUESTION OF MR.
14 SEEGMILLER AS WELL, AND WE INDICATED THE RANGE OF
15 FUNDS THAT WERE UNALLOCATED. AND I THINK THAT
16 WE'RE -- THE DOLLAR AMOUNT THAT YOU'VE SEEN
17 PROPOSED BEFORE YOU CAME FROM AS WELL WAS THEIR
18 RECOGNITION OF THOSE UNALLOCATED FUNDS AND SAYING
19 THAT THAT WOULD BE A STARTING POINT. SO
20 RECOGNITION ON THEIR PART THAT A SIGNIFICANT
21 PORTION OF FUNDS WOULD BE NECESSARY.

22 CHAIRMAN RELIS: JUST TO CARRY FORWARD A
23 LITTLE FURTHER, IT WOULD BE MY HOPE THAT WE COULD
24 INTRODUCE THAT, TAKE IT -- IN OTHER WORDS, MOVE IT
25 AS AN ITEM THAT WE COULD ESTABLISH IN OUR

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 ALLOCATION THIS YEAR, BUT TO MAINTAIN BELOW THAT A
2 SEMBLANCE OF THE BALANCE THAT WE HAD DISCUSSED
3 EARLIER IN THE POLICY APPROACH, WHICH WAS TO SHARE
4 THE MONIES BETWEEN MARKETS AND CLEANUP COST
5 DIRECTLY.

6 AND BECAUSE THAT REFLECTS -- I THINK
7 THE MELP ISSUE IS PART OF OUR MARKET. I MEAN IT'S
8 NOT JUST A CLEANUP. IT'S AN END USE. IT'S THE
9 WAY WE'RE LOOKING AT OTHER MARKETS AS WELL IN THIS
10 WHOLE SCHEME OF POSSIBILITIES HERE. SO I JUST ADD
11 THAT.

12 SO WE COULD PROCEED TO EITHER --
13 WHAT'S THE PLEASURE OF THE COMMITTEE, GO THROUGH
14 EACH ITEM, TAKE THIS ONE UP FIRST, OR GO THROUGH
15 THE WHOLE LIST ONE BY ONE LIKE WE HAD DONE LAST
16 TIME?

17 MEMBER PENNINGTON: YEAH. I'D BE
18 PREPARED TO GIVE YOU A LIST OF HOW I WOULD
19 APPROPRIATE THE MONEY, AND THEN WE CAN GO THROUGH
20 AND ARGUE ABOUT WHERE WE WOULD MAKE CHANGES, IF
21 YOU WISH TO DO SO.

22 MEMBER GOTCH: MR. CHAIR, IF I MAY, I'D
23 LIKE TO ASK ANOTHER QUESTION, AND THAT IS THE
24 SECTION 27 MONIES WITH THE EXPENDITURE AUTHORITY,
25 AND IF WE GET THE AUTHORITY FOR THE ADDITIONAL

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MONIES, I THINK WE SHOULD HAVE A CONTINGENCY PLAN
2 OF HOW WE PLAN ON SPENDING THAT MONEY. HOW ARE WE
3 GOING TO SPEND THAT MONEY?

4 MR. CHANDLER: YEAH. THIS IS GOING TO
5 GET COMPLICATED, BUT BEAR WITH ME. I THINK I MAY
6 HAVE MISGUIDED THE BOARD A BIT ON THE NUMBERS. I
7 GAVE YOU A FIGURE OF 1.3 MILLION AND I COUPLED
8 THAT WITH \$750,000 THAT WE, AS YOU KNOW, CANCELED
9 IN THE PREVIOUS CONTRACT LAST YEAR AND ABOUT
10 550,000 THAT I SAID WAS AVAILABLE DUE TO THE
11 MAZZONI BILL.

12 IT HAS SINCE BEEN POINTED OUT TO ME
13 AND I WAS REMINDED BY ADMINISTRATION STAFF THAT
14 550,000 HAS ALREADY BEEN BUILT INTO OUR NEXT YEAR
15 BCP THAT HAS BEEN APPROVED BY THE DEPARTMENT OF
16 FINANCE FOR 7-8 FISCAL YEAR. IN OTHER WORDS, I
17 WAS ASSUMING THAT THAT MONEY COULD BE PART OF THE
18 DEFICIENCY REQUEST, AND I THINK IT WOULD BE MORE
19 PRUDENT TO HOLD ON TO WHAT WE ALREADY HAVE
20 APPROVED AT THE DEPARTMENT OF FINANCE FOR 7-8,
21 WHICH IS THAT RECOGNITION THAT THE MAZZONI BILL IS
22 GOING TO BRING ADDITIONAL REVENUES IN CURRENT YEAR
23 AND BUILD IT INTO OUR SPENDING AUTHORITY FOR 7-8,
24 WHICH LEAVES, IF YOU WILL, ON THE TABLE FOR THE
25 DEFICIENCY REQUEST SIMPLY THE AMOUNT THAT WAS

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CANCELED IN THE PREVIOUS CONTRACT THE 750,000.

2 SO I WOULD TRY TO ANSWER YOUR
3 QUESTION ON HOW WE WERE GOING TO ALLOCATE THE
4 DEFICIENCY REQUEST MONEY BY INDICATING THAT IT'S
5 BEEN MY IMPRESSION ALL ALONG THAT YOU WANT TO SEE
6 THAT MONEY GO TOWARDS A CLEANUP EFFORT SIMILAR TO
7 THE ONE THAT WAS CANCELED SO THAT WE CAN KEEP
8 THOSE KINDS OF TIRE PILE CLEANUPS ONGOING
9 STATEWIDE.

10 MEMBER GOTCH: THANK YOU.

11 CHAIRMAN RELIS: MR. PENNINGTON, ARE YOU
12 GOING TO PRESENT A LIST?

13 MEMBER PENNINGTON: YES.

14 MS. TRGOVCICH: MR. CHAIRMAN, WOULD IT
15 HELP AND, BOARD MEMBER PENNINGTON, IF WE
DISPLAYED

16 A CHART SHOWING JUST THE LINE ITEMS, NOT THE
17 DOLLAR AMOUNTS, BUT THE LINE ITEMS OF THE SUBJECT
18 AREAS?

19 CHAIRMAN RELIS: THAT WOULD HELP
20 EVERYBODY.

21 MEMBER PENNINGTON: I HAVE MORE. I'M
22 GOING TO START WITH THE PILOT LEA GRANT PROGRAM,
23 \$200,000; HIGHWAY PATROL, \$100,000; DMV, 15,000;
24 STATEWIDE CLEANUP, 750; EMERGENCY FUND, 250;

LOCAL

25 GOVERNMENT CLEANUP MATCHING FUNDS GRANTS, 250;

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FIRE MARSHAL, 100,000.

2 MARKETING DEVELOPMENT AREA, WE'D GO
3 LOCAL GOVERNMENT MATCHING GRANTS FOR PRODUCTS,
4 500,000; STATE CENTER FOR TECHNICAL ASSISTANCE,
5 500,000; FINANCIAL SERVICES FOR 50,000; THE COAL
6 COGEN TESTING, 200; CEMENT KILNS INFORMATION,
7 PUBLIC RELATIONS, 50; LOANS, RMDZ-TYPE LOANS, 430.

8 NOW, TO GET TO THE HALF A MILLION
9 DOLLARS RESERVE THAT WE'D LIKE TO HAVE, I WOULD
10 PROPOSE THAT WE TAKE -- THAT WE ZERO OUT THE
11 EMERGENCY FUND OF 250,000 IN THE PERMITTING AND
12 ENFORCEMENT, AND WE REDUCE THE LOCAL GOVERNMENT
13 MATCHING GRANTS FROM 500 TO 300; BUT INSTEAD OF
14 HAVING IT A MORE WIDE OPEN, HAVE IT DIRECTED AT
15 THE PLAYGROUND MATS, EITHER FROM LOCAL GOVERNMENT
16 OR SCHOOL DISTRICTS, AND TAKE 50,000 FROM THE RMDZ
17 LOAN. THAT WOULD GIVE US HALF A MILLION DOLLARS
18 IN RESERVE WHICH COULD BE ROLLED BACK INTO THESE
19 PROGRAMS IF THE 500,000 IS NOT NEEDED.

20 CHAIRMAN RELIS: SO HOW -- COULD I ASK:
21 DO YOU HAVE THAT ADDED, THOSE COLUMNS, BECAUSE I'D
22 JUST LIKE TO SEE WHAT THE DISTRIBUTION IS BETWEEN
23 CLEANUP AND MARKETS, JUST BROADLY.

24 MEMBER PENNINGTON: WELL, LET'S SEE.
25 MARKETS YOU'VE GOT 500, GOT 300, GOT 800, A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MILLION, A MILLION ONE, AND A MILLION 480,000, AND
2 IN PERMITTING AND ENFORCEMENT YOU HAVE A MILLION
3 TWO HUNDRED -- I MEAN A MILLION 400 --

4 CHAIRMAN RELIS: SO IT'S BALANCED.

5 MEMBER PENNINGTON: IT'S BASICALLY
6 BALANCED.

7 CHAIRMAN RELIS: OKAY. ALL RIGHT. WELL,
8 IT'S OUT ON THE TABLE.

9 MEMBER PENNINGTON: AT LEAST THAT'S THE
10 WAY IT IS IN MY COMPUTER-LIKE MIND.

11 CHAIRMAN RELIS: OKAY. SO WE HAVE A
12 PROPOSAL. LET'S DISCUSS THIS.

13 MEMBER GOTCH: QUESTION. THE RMDZ LOANS,
14 HOW DID WE ARRIVE AT THIS AMOUNT, WHICH WAS
15 \$430,000?

16 MEMBER PENNINGTON: HOW DID THEY GET TO
17 370?

18 MEMBER GOTCH: WAS THAT A SPECIFIC NUMBER
19 THAT WAS --

20 MEMBER PENNINGTON: THAT'S A NUMBER THAT
21 WAS TAKEN AFTER THE ADVISORS AND AFTER WE HAD
22 FUNDED THE OTHER THINGS THAT WE FELT WE NEEDED,
23 THAT WAS WHAT WAS LEFT. AND WE FELT AND I KNEW
24 THAT THAT WAS AN AREA THAT MR. CHESBRO WAS
25 INTERESTED IN, AND WE FELT WE WANTED TO HONOR
THAT

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 COMMITMENT THAT HE AND I HAD DISCUSSED EARLIER.

2 MEMBER GOTCH: I WOULD, IF I MAY, ALSO
3 LIKE TO SEPARATE THE RAC GRANTS TO LOCAL
4 GOVERNMENTS AND SCHOOL LOCAL PLAYGROUNDS.

5 CHAIRMAN RELIS: SEPARATE THEM? YOU MEAN
6 UNDER THE GRANTS -- OKAY. YOU ARE TALKING TWO
7 CATEGORIES, GRANTS AND RAC --

8 MEMBER GOTCH: TWO CATEGORIES, THAT'S
9 CORRECT.

10 CHAIRMAN RELIS: AND WHAT WE'RE
11 CALLING --

12 MEMBER GOTCH: SCHOOLS, LOCAL --

13 CHAIRMAN RELIS: SPECIAL SERVICES.

14 MEMBER GOTCH: AND THAT IS NOT ON --

15 CHAIRMAN RELIS: IT'S NOT ON THIS TABLE.

16 MEMBER GOTCH: IT'S NOT ON THIS TABLE.

17 CHAIRMAN RELIS: I HAVE IT LISTED AS THE
18 L.A. COUNTY-TYPE PROPOSAL ON -- UNDER SPECIAL
19 SERVICES. CAN WE JUST --

20 MEMBER PENNINGTON: THAT I SAID WAS THE
21 STATEWIDE CENTER FOR TECHNICAL ASSISTANCE.

22 CHAIRMAN RELIS: STATEWIDE. I JUST WANT
23 TO MAKE SURE WE'RE ALL USING THE SAME.

24 MEMBERPENNINGTON: WHAT I'M TALKING
ABOUT
25 IN TERMS OF REDUCING THE 300,000 IS ON THAT

PIECE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 OF PAPER THAT YOU HAVE SAYS LOCAL GOVERNMENT --
2 LOCAL GOVERNMENT 30-PERCENT MATCHING GRANTS TO
3 LOCAL GOVERNMENTS ENTITLED -- ENTITIES CAN
4 INCLUDE, YOU KNOW, VARIOUS THINGS. AND INSTEAD OF
5 INCLUDING, WHICH I HAD ORIGINALLY WANTED TO DO,
6 WAS SOME OF THESE OTHER PRODUCTS, IN ORDER TO
7 REDUCE IT DOWN, I SAID WE COULD DIRECT IT AT THE
8 PLAYGROUND MATS.

9 CHAIRMAN RELIS: COULD I ASK A POINT OF
10 CLARIFICATION. I THINK THIS WAS ALSO DISCUSSED.
11 THE BUSINESS ABOUT THE CAP, WELL, YOU MIGHT CALL
12 IT A PREFERENCE CAP FOR THE CLEANUPS AND LOCAL
13 GOVERNMENT CLEANUP MATCHING. THE NUMBER THAT I
14 BELIEVE ORIGINALLY WE HAD TALKED ABOUT THAT BEING
15 A 10-PERCENT CAP, BUT I BELIEVE IN FURTHER
16 DISCUSSIONS, A 30-PERCENT CAP WAS VIEWED AS
17 PERHAPS MORE OF A PULL, MORE OF THE KIND OF THE
18 PULL WE NEED.

19 MEMBER PENNINGTON: THAT'S FINE WITH ME.

20 CHAIRMAN RELIS: I JUST WANTED TO
CLARIFY

21 THAT. THAT'S THE CAP SAYING -- GIVING PREFERENCE
22 FOR -- IT'S A PREFERENCE.

23 MS. RICE: UP TO 30 PERCENT INCREASED
24 COST FOR CLEANUP.

25 MEMBER GOTCH: THANK YOU.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: RIGHT.

2 MEMBER GOTCH: IF I MAY, I NEED TO ASK,
3 MR. PENNINGTON, IF YOU COULD CLARIFY THE RAC
4 GRANTS TO LOCAL GOVERNMENTS, WHAT YOUR PROPOSAL
5 WAS FOR THAT AND THE PLAYGROUNDS.

6 MEMBER PENNINGTON: CERTAINLY. MY
7 ORIGINAL -- I THINK WE HAVE TO START WHERE I WAS
8 ORIGINALLY COMING FROM. MY ORIGINAL THINKING WAS
9 TO HAVE LOCAL GOVERNMENTS ABLE TO APPLY FOR A
10 GRANT AND SPECIFY WHAT THEY WANTED TO USE IT FOR,
11 WHETHER THEY WANTED TO USE IT FOR RUBBERIZED
12 ASPHALT, FOR PLAYGROUND MATS, FOR OTHER THINGS
13 THAT THEY MAY FIND TO USE RECYCLED TIRES IN.
14 SINCE WE'RE CUTTING THAT DOLLAR FIGURE DOWN, I'M
15 WILLING TO SAY WE DIRECT IT TO THE PLAYGROUND
16 RUBBERIZED MATS.

17 MEMBER GOTCH: AND YOU WERE CUTTING THAT
18 TO WHAT AMOUNT?

19 MEMBER PENNINGTON: 300,000.

20 MEMBER GOTCH: I STILL WOULD LIKE TO
21 SEPARATE THE TWO OF THOSE, AS I SAID EARLIER.

22 CHAIRMAN RELIS: IS THERE A REASON TO
23 SEPARATE?

24 MEMBER GOTCH: IF I MAY, I'D LIKE TO SEE
25 AT LEAST \$250,000 IN MATCHING GRANTS TO SCHOOLS

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 AND LOCAL GOVERNMENTS -- I'M SORRY.

2 CHAIRMAN RELIS: YOU'VE GOT 300.

3 MEMBER PENNINGTON: YOU'VE ALREADY GOT
4 300. YOU WANT TO DECREASE IT TO 250?

5 MEMBER GOTCH: BECAUSE I WANT TO SEPARATE
6 THE TWO OF THOSE, AND I WANT -- SORRY FOR MY
7 MISUNDERSTANDING THERE. WHAT I'D LIKE TO ASK,
8 THOUGH, IS THAT WE HAVE THE SEPARATE HEADING THAT
9 WILL SAY SCHOOLS, LOCALS, PLAYGROUNDS.

10 MEMBER PENNINGTON: THAT'S FINE.

11 CHAIRMAN RELIS: INSTEAD OF LOCAL
12 GOVERNMENT MATCHING.

13 MEMBER PENNINGTON: SO IT SHOULD SAY
14 LOCAL GOVERNMENTS, SCHOOLS MATCHING FUNDS FOR
15 RUBBERIZED PLAYGROUND MATS.

16 MS. TRGOVCICH: MR. CHAIRMAN, TO CLARIFY
17 AROUND THE MATCHING CONTRIBUTION PORTION, ARE WE
18 TALKING ABOUT A 30-PERCENT MATCH ON THE PART OF
19 THE BOARD? WOULD IT BE A 70 LOCAL, 30 BOARD
20 SPLIT?

21 MEMBER PENNINGTON: YEAH.

22 MS. TRGOVCICH: OKAY.

23 CHAIRMAN RELIS: OKAY. IS THERE
24 SOMETHING ELSE?

25 MEMBER GOTCH: NOT AT THIS POINT.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: OKAY. ALL RIGHT.

2 COUPLE OF JUST FURTHER THOUGHTS IN TERMS OF WE
3 HAVE TWO CATEGORIES, AS I UNDERSTAND IT, THAT MAY
4 OR MAY NOT PAN OUT ACCORDINGLY. ONE IS THE
5 PRIORITY SITE ISSUE, THE 500,000, THE
6 NEGOTIATIONS, DISCUSSIONS, WE'LL NEED TO KNOW
7 WHETHER THAT WORKS. AND THE LOAN PROGRAM, WE'LL
8 HAVE TO TEST WHETHER THE DEMAND IS THERE.

9 MY SUGGESTION WOULD BE IF WE FIND
10 THAT THOSE DON'T PAN OUT ACCORDINGLY AND THE MONEY
11 IS THERE, THAT WE MAKE A DECISION, WE BRING
12 THAT -- WE GET A REPORT BACK BY, I THINK IT'S,
13 MAY, END OF MAY ON THE STATUS SO THAT THIS
14 COMMITTEE AND THE BOARD CAN ACT ON HOW TO UTILIZE
15 THOSE MONIES IF THEY AREN'T USED. AND
16 SPECIFICALLY I'D RECOMMEND, IF WE HAVE MONEY FROM
17 THAT, THAT WE MIX IT AGAIN BOTH IN CLEANUP AND IN
18 MARKET.

19 AND IN THE MARKETS SPECIFICALLY, THE
20 AREAS THAT I THINK WE COULD UTILIZE IT MORE IS IN
21 THE TECHNICAL ASSISTANCE AREA, IN THAT STATEWIDE
22 TECHNICAL SERVICE CONTRACT. AND IF FOR SOME
23 REASON BY THAT TIME WE HAD SOME ENGINEERING
24 APPLICATION MAYBE, BUT I WOULD THINK THAT THE
25 STATEWIDE TECHNICAL SERVICE WOULD BE THE
CLEANEST

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WAY TO USE THOSE MONIES FOR MARKET DEVELOPMENT
2 SUPPLEMENT.

3 MS. RICE: WE'RE JUST SEEKING
4 CLARIFICATION. WERE YOU TALKING ABOUT THE LOAN
5 MONIES THAT HAD BEEN IDENTIFIED? LOANS DO NOT
6 COME --

7 CHAIRMAN RELIS: YES. WELL, THERE'S
8 BOTH. THERE'S THE LOAN MONEY -- YOU'RE RIGHT --
9 THERE'S THE LOAN MONEY AND THERE'S THE --

10 MR. CHANDLER: PRIORITY SITE.

11 CHAIRMAN RELIS: -- PRIORITY SITE. SO WE
12 HAVE A TOTAL POTENTIALLY OF, WHAT, 930,000 -- 880.

13 MS. RICE: SO YOU WOULD BE LOOKING AT
14 BRINGING THESE BACK TO THE COMMITTEE IN MAY IF
15 THERE'S NOT A NEED DEMONSTRATED FOR THOSE FUNDS?

16 CHAIRMAN RELIS: YEAH. SO WE HAVE A
17 BACKUP STRATEGY.

18 MEMBER PENNINGTON: IN OTHER WORDS, AT
19 THE END OF MAY, IF WE STILL ARE SITTING ON
20 \$880,000 OR THEREABOUTS, AND IT LOOKS AS THOUGH
21 WE'RE NOT GOING TO NEED THE PRIORITY MONEY OR
22 NOBODY IS APPLYING FOR THE LOANS OR WHAT HAVE
YOU,

23 THEN WE CAN REEVALUATE AND PUT IT SOMEWHERE THAT
24 IS USEFUL.

25 MS. RICE: GIVEN THE TIMING, THERE MAY

BE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 LIMITATIONS ON THE OPTIONS AVAILABLE TO YOU WITH
2 THAT LARGE AMOUNT OF MONEY; FOR EXAMPLE,
3 AUGMENTING CONTRACTS. THAT MAYBE --

4 CHAIRMAN RELIS: MAYBE WHAT YOU NEED TO
5 DO -- MAYBE WHAT WE NEED, WE DEFINITELY NEEDED A
6 BACKUP PLAN. OKAY. SO THOSE ARE A COUPLE OF
7 SUGGESTIONS OF HOW TO DO IT. MAYBE STAFF HAS --
8 MAYBE THIS REQUIRES FURTHER WORK, BUT WE DON'T
9 WANT TO FIND OURSELVES AT THE ELEVENTH HOUR NOT
10 KNOWING WHERE WE WOULD PUT MONEY IF IT SHOULD BE
11 THERE.

12 MS. RICE: I DON'T KNOW IF IT'S
13 APPLICABLE IN THIS SITUATION, BUT ONE OF THE
14 SUGGESTIONS I WAS GOING TO MAKE IN THE CLEANUP
15 AREA, AND I'M NOT SUGGESTING THIS IS FOR THE
16 CLEANUP AREA. I'M JUST PRESENTING IT AS AN IDEA.
17 FOR EXAMPLE, IF YOU HAVE IN THE CLEANUP AREA
18 IDENTIFIED THE STATE CLEANUP CONTRACT IN THE AREA
19 OF \$750,000 AND YOU'VE ALSO IDENTIFIED MATCHING
20 GRANTS FOR CLEANUP, IF WE FIND TOWARDS THE MAY
21 TIME FRAME THAT THERE IS NOT SUFFICIENT INTEREST
22 IN MATCHING GRANTS, WHAT I WOULD PROPOSE IN THAT
23 AREA, THEN, IS JUST AN IDEA FOR YOU TO THINK ABOUT
24 IF IT APPLIES TO THIS OTHER SITUATION, WE WOULD
25 SUGGEST PERHAPS THE INITIAL SOLICITATION FOR THE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 STATE CLEANUP CONTRACT BEING AT A HIGHER LEVEL SO
2 THAT THE FUNDS ARE NOT THERE, YOU HAVE NOT
3 INDICATED A HIGHER LEVEL OF FUNDING IS THERE, SO
4 THAT WOULD GIVE US THE ABILITY, GIVE YOU THE
5 ABILITY WITHOUT SUBSEQUENT ACTION TO MAKE THOSE
6 FUNDS AVAILABLE FOR THAT PURPOSE.

7 SO ONE THING YOU MIGHT BE ABLE TO
8 LOOK AT IN THE MARKET DEVELOPMENT AREA, IF THAT'S
9 YOUR INTEREST, IF ONE OF THE CONTRACTS THAT YOU
10 ENTER INTO IN THAT AREA, TO DO THE SOLICITATION AT
11 A HIGHER LEVEL WITH THE THOUGHT IN MIND THAT
12 ADDITIONAL FUNDS MAY BECOME AVAILABLE IN THE
13 APRIL, MAY, JUNE TIME FRAME. JUST A SUGGESTION.

14 MEMBER PENNINGTON: I THINK WHAT WE'RE
15 LOOKING FOR IS FLEXIBILITY THERE TO MOVE THAT
16 AROUND.

17 MS. TRGOVCICH: LIKEWISE, WITH THE LOAN
18 COMPONENT, YOU MAY WISH -- YOU MAY BE IDENTIFYING
19 TODAY 400 -- I THINK I'VE LOST TRACK WHAT THE
20 DOLLAR AMOUNT WOULD BE --\$380,000 THAT WOULD BE
21 AVAILABLE FOR APPLICATIONS FOR TIRE-RELATED
22 BUSINESSES THROUGH THE RMDZ PROGRAM. YOU MAY WANT
23 TO SAY 380 NOW AND IT CAN GO UP TO A CERTAIN
24 LEVEL. I HAVE \$9 MILLION WORTH OF APPLICATIONS IN
25 RIGHT NOW.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: SO THAT WOULDN'T BE A
2 FARFETCHED PROPOSAL.

3 MEMBER PENNINGTON: BECAUSE NINE MILLION
4 AREN'T ALL FOR THE TIRE FUND.

5 MS. TRGOVCICH: THEY'RE ALL TIRE-RELATED
6 BUSINESSES.

7 CHAIRMAN RELIS: I THINK, THEN, THOUGH WE
8 HAVE NOT ACTED AS YET ON THE ACTUAL ALLOCATIONS,
9 YOU HAVE A STATEMENT OF DIRECTION. AND THAT COULD
10 BE REFINED SO THAT WE HAVE A BACKUP STRATEGY
11 THAT'S SUFFICIENTLY DETAILED AND WORKABLE TO MOVE
12 QUICKLY ON AND NOT LOSE, BEARING IN MIND, AND I
13 THINK I JUST SAY THIS FOR THE AUDIENCE OUT THERE,
14 WE HAVE LIMITED DOLLARS THIS YEAR. WE'RE MUCH
15 MORE CONSTRAINED RIGHT NOW THAN WE'RE GOING TO BE
16 NEXT, NOT THAT FAR OFF. IN SEVEN MONTHS OR EIGHT
17 MONTHS, IF THE BUDGET IS SIGNED AT THAT POINT, WE
18 HAVE A GREAT DEAL MORE MONEY NEXT YEAR. THAT'S
19 PARTLY WHY WE'RE STRUGGLING WITH -- WITHIN A
20 NARROW BAND THIS YEAR. SO WE HAVE A PROPOSAL ON
21 THE TABLE.

22 MEMBER PENNINGTON: DO YOU WISH ME TO
23 MAKE THAT IN A MOTION?

24 CHAIRMAN RELIS: YES.

25 MEMBER PENNINGTON: DO YOU WANT ME TO GO

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THROUGH IT AGAIN OR JUST --

2 CHAIRMAN RELIS: I THINK MAYBE WE SHOULD
3 JUST ONCE MORE.

4 MEMBER PENNINGTON: OKAY. THE PILOT LEA
5 GRANTS, 200,000; THE HIGHWAY PATROL, A HUNDRED
6 THOUSAND; THE DMV, 15,000; STATEWIDE CLEANUP AND
7 REMEDICATION, 750,000; THE EMERGENCY FUND AT
8 250,000, WHICH WE'RE GOING TO ZERO OUT.

9 CHAIRMAN RELIS: SO SHOULD WE JUST SAY
10 ZERO NOW?

11 MEMBER PENNINGTON: HOWEVER YOU LIKE,
12 JUST SO WE ARE CLEAR WHERE THE MONEY IS COMING
13 FROM.

14 LOCAL GOVERNMENT MATCHING CLEANUP
15 GRANTS, 250; FIRE MARSHAL, HUNDRED THOUSAND.
16 MARKET DEVELOPMENT AREA, THE LOCAL GOVERNMENT,
17 SCHOOL MATCHING GRANTS FOR RUBBER PLAYGROUND MATS,
18 300,000; STATEWIDE CENTER FOR TECHNICAL
19 ASSISTANCE, 500,000; FINANCIAL SERVICES, 50,000;
20 COAL CO-GEN TESTING, 200,000; CEMENT KILN
21 INFORMATION, 50,000; RMDZ LOANS, 380,000; AND A
22 \$500,000 PRUDENT RESERVE.

23 CHAIRMAN RELIS: I'LL SECOND THAT.

24 MEMBER PENNINGTON: THANK YOU.

25 MEMBER RELIS: MS. GOTCH.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 THAT THAT IS IT. THANK YOU.

2 CHAIRMAN RELIS: OKAY. WE HAVE A MOTION.

3 WE'LL CALL THE ROLL.

4 THE SECRETARY: MEMBER GOTCH.

5 MEMBER GOTCH: (NO AUDIBLE RESPONSE.)

6 THE SECRETARY: MEMBER PENNINGTON.

7 MEMBER PENNINGTON: AYE.

8 THE SECRETARY: CHAIRMAN RELIS.

9 MEMBER GOTCH: I HAVEN'T VOTED. I JUST
10 NEED ONE SECOND. I'M JUST GOING OVER MY NUMBERS.
11 I'M SORRY.

12 AYE.

13 CHAIRMAN RELIS: IT'S UNANIMOUS. WE HAVE
14 RESOLVED THE ALLOCATION IN COMMITTEE. THIS WILL
15 GO TO THE BOARD AT ITS FULL BOARD MEETING, AND I
16 DON'T BELIEVE THIS WOULD BE CONSENT.

17 MEMBER PENNINGTON: NO.

18 CHAIRMAN RELIS: WE COULD TRY, BUT I
19 DON'T THINK THERE'S ANY POINT IN PUTTING IT ON
20 CONSENT, SO WE'LL PASS THAT FORWARD. AND LET'S
21 SEE, THAT BRINGS US --

22 MEMBER GOTCH: MR. CHAIR, IF I MAY, I
23 HAVE A QUESTION THAT I HAD ASKED STAFF THEY WERE
24 GOING TO LEGAL ON, AND I DON'T KNOW IF KATHRYN IS
25 PREPARED TO ANSWER THIS YET, BUT IF WE CAN HAVE

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 STAFF LOOK INTO THE SAN FRANCISCO PROGRAM THAT DR.
2 BARRY TAKALLOU MENTIONED. DO YOU HAVE AN ANSWER
3 FOR THAT ALREADY?

4 MS. TRGOVCICH: I BRIEFLY SPOKE WITH SOME
5 OF THE LEGAL STAFF YESTERDAY. WHAT MS. GOTCH IS
6 REFERRING TO THAT UNDER THE '95-'96 GRANT CYCLE
7 THAT THE BOARD INITIATED, THERE WERE SUFFICIENT
8 FUNDS AVAILABLE TO GO SO FAR DOWN THE A LIST. SAN
9 FRANCISCO DID NOT RECEIVE THEIR FULL ALLOCATION.
10 AS MR. TAKALLOU STATED, THEY RECEIVED ABOUT A
11 \$30,000 ALLOCATION OUT OF A \$97,000 REQUEST.

12 MS. GOTCH'S QUESTION IS IF IN
13 THROUGH THE '96-7 FUNDS, IF THE BOARD COULD FULLY
14 FUND THE SAN FRANCISCO PROPOSAL, FULLY FUND A SAN
15 FRANCISCO PROPOSAL AWARDED UNDER A '95-'96 GRANT
16 CYCLE WITH '96-'97 DOLLARS. PRELIMINARILY OUR
17 INTERPRETATION IS THAT THERE WOULD NEED TO BE A
18 NEW GRANT CYCLE, A NEW AWARD SOLICITATION PROCESS
19 THAT WOULD NEED TO BE INITIATED. THESE ARE
20 DIFFERENT YEAR DOLLARS.

21 CHAIRMAN RELIS: THERE WERE OTHER GRANTS
22 THAT WERE NOT FULLY ALLOCATED, SO WOULDN'T WE
23 BE -- HOW WOULD WE DO THAT EVEN PROCEDURALLY IF WE
24 WANTED TO DO THAT?

25 MEMBER GOTCH: I DON'T KNOW IF THAT'S A

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 FACT.

2 MS. TRGOVCICH: I DON'T THINK IT HAS
3 ANYTHING TO DO WITH THAT. I THINK THAT THE -- AND
4 I'LL DEFER TO KATHRYN, BUT THE RELATIVE IMPORTANCE
5 OF WHETHER OR NOT OTHER GRANTS WERE FULLY FUNDED
6 OR NOT HASN'T BEEN THE ISSUE WE'VE BEEN FOCUSING
7 ON; IT'S THE DOLLAR YEARS AND THE GRANT CYCLES.

8 CHAIRMAN RELIS: SO YOUR -- LEGAL'S
TAKE

9 IS IT WOULD REQUIRE A NEW CYCLE TO DO THAT?

10 MS. TOBIAS: WELL, BASICALLY YOU
11 ADVERTISED FOR A GIVEN AMOUNT OF MONEY. PEOPLE
12 HAD AN OPPORTUNITY TO APPLY FOR THAT. AND NOW
13 YOU'RE TALKING ABOUT TAKING NEXT YEAR'S MONEY
AND

14 FUNDING IT BACK ONTO THE PREVIOUS YEAR. SO
15 BASICALLY WHAT YOU NEED TO DO IS GO THROUGH A
NEW

16 GRANT CYCLE. IF THEY WOULD LIKE TO APPLY AGAIN
17 AND YOU WOULD LIKE THEM TO, YOU KNOW, IT'S
18 IMPORTANT FOR YOU TO SEE THAT FUNDED AND THAT'S
A

19 HIGH PRIORITY, YOU CAN CERTAINLY SET YOUR OWN
20 CRITERIA ON HOW YOU WOULD LIKE TO GIVE OUT
THOSE

21 GRANTS.

22 MEMBER GOTCH: UNDERSTOOD. WHAT I
WANT

23 TO KNOW IS IF WE CAN EARMARK ANY RESIDUAL MONEY
24 FROM THE '95-'96 FOR COMPLETION OF THE PROJECT.
25 IS THERE RESIDUAL?

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 MR. CHANDLER: WELL, WE JUST AWARDED
THE
2 GRANTS NOT THAT LONG AGO. I BELIEVE IT WAS IN
MAY
3 OR APRIL. AND SO A FUNCTION OF WHETHER OR NOT
4 EVERY GRANT THAT'S BEEN JUST AWARDED HAS FULLY
5 ENCUMBERED OR UTILIZED THE FUNDING WOULD BE
6 SOMETHING, I THINK, THAT WE'D HAVE MORE OF A
FEEL
7 FOR AT THE END OF THE GRANT TERM. RIGHT NOW I
8 COULDN'T TELL IF WE HAVE ANY AVAILABLE DOLLARS
ON
9 THOSE GRANTS.

10 MS. RICE: IT ALSO BECOMES A BUDGET
ISSUE
11 AND COMPLICATION IN TERMS OF SEEKING
EXPENDITURE
12 AUTHORITY. I MEAN YOU NOTE THAT ON THE
DIFFERENT
13 BUDGET CHARTS, WE SHOW BCP REQUESTS FOR EACH
YEAR
14 USING THAT EXACTLY, THAT UNSPENT MONIES FROM
THE
15 PRIOR YEAR. SO YOU ARE REQUIRED TO GO BACK
16 THROUGH THE BUDGET ACT AND SEEK AUTHORITY TO

SPEND

17 IT. AND THEN IF YOU DECIDE YOU WANT TO DO A
GRANT

18 SOLICITATION WITH IT, THAT'S THE SEQUENCE THAT
YOU

19 WOULD ORDINARILY FOLLOW.

20 MS. TRGOVCICH: IF THIS WAS STILL A
PART

21 OF THE '95-'96 FISCAL YEAR, WHICH IS THE ITEM
THAT

22 YOU ARE SUGGESTING WOULD BE SOMETHING THAT, YOU

23 KNOW, WE WOULD CERTAINLY BRING BACK TO YOU, BUT

24 WE'RE PAST THAT FISCAL YEAR AND THAT BUDGET

CYCLE.

25 CHAIRMAN RELIS: MAYBE ONE WAY TO JUST
--

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 WE'VE DEALT WITH THE ALLOCATION, SO PERHAPS ONE
2 WAY TO LOOK AT, IF SOMETHING WERE TO COME UP --
3 YOU KNOW, WE'RE GOING TO GET A REPORT BACK IN MAY,
4 CONSIDER IT AT THAT TIME ALONG WITH THE OTHER
5 OPTIONS THAT ARE THERE BECAUSE I DON'T SEE THAT
6 THERE'S, ASSUMING, AGAIN, IF WE WANTED TO DO IT, I
7 DON'T THINK THERE'S A CLEAR WAY TO DO IT FROM WHAT
8 I'M HEARING FROM STAFF.

9 MEMBER GOTCH: THE REASON I'M ASKING
10 THIS, I THINK YOU UNDERSTAND, IS THAT TO BE ABLE
11 TO -- THIS IS AN IMPORTANT PROJECT FOR NORTHERN
12 CALIFORNIA, AND WE HAVE A LOT GOING ON DOWN IN
13 SOUTHERN CALIFORNIA AT THIS TIME WITH A LOT OF
14 MONEY GOING DOWN TO THAT AREA.

15 CHAIRMAN RELIS: I WOULD JUST POINT OUT,
16 WE'RE NOT -- I DON'T THINK OUR DISCUSSION OF THE
17 EFFORT IN SOUTHERN CALIFORNIA IS VIEWED AS
18 SOUTHERN CALIFORNIA ONLY. I MEAN WE'RE LOOKING AT
19 IT AS BEING A STATEWIDE TECHNICAL ASSISTANCE
20 EFFORT. WE EVEN HEARD, I THINK, FROM MR. TAKALLOU
21 THAT THE SAN FRANCISCO AREA WOULD LOOK TO THIS
22 EFFORT AS A VALUABLE ASSISTANCE TO THEIR OWN
23 PROGRAMS IN SAN FRANCISCO. SO I JUST OFFER THAT
24 AS A PERSPECTIVE.

25 MEMBER GOTCH: THANK YOU.

Please note: These transcripts are not individually reviewed and approved for accuracy.

1 CHAIRMAN RELIS: ALL RIGHT. I BELIEVE
2 WE'RE DONE WITH --

3 MEMBER PENNINGTON: MR. CHAIRMAN, IF YOU
4 DON'T MIND, BEFORE WE ADJOURN, I'D JUST LIKE TO
5 ANNOUNCE THAT WITHIN ABOUT 15 MINUTES AFTER THIS
6 MEETING, WE WILL THEN CONVENE THE ADMINISTRATION
7 COMMITTEE, WHICH WAS SET FOR 1:30.

8 CHAIRMAN RELIS: AND IN CLOSING, I'D JUST
9 LIKE TO THANK EVERYONE WHO HAS APPEARED TODAY AND
10 PREVIOUSLY TO MAKE THEIR CASE BEFORE US ON THE
11 ALLOCATIONS AND TO STAFF FOR DOING AN EXCELLENT
12 JOB IN PREPARING FOR THIS MEETING. THANK YOU.

13

14 (END OF PROCEEDINGS AT 2:05 P.M.)

15

16

17

18

19

20

21

22

23

24

25

Please note: These transcripts are not individually reviewed and approved for accuracy.